

CENVEO, INC  
Form 10-Q  
August 10, 2011

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 2, 2011

Commission file number 1-12551

CENVEO, INC.  
(Exact name of Registrant as specified in its charter.)

COLORADO  
(State or other jurisdiction of  
incorporation or organization)

84-1250533  
(I.R.S. Employer Identification No.)

ONE CANTERBURY GREEN  
201 BROAD STREET  
STAMFORD, CT  
(Address of principal executive offices)

06901  
(Zip Code)

203-595-3000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 5, 2011 the registrant had 63,024,104 shares of common stock outstanding.

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CENVEO, INC. AND SUBSIDIARIES

INDEX TO QUARTERLY REPORT ON FORM 10-Q

For the quarterly period ended July 2, 2011

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)

| Assets                                       | July 2, 2011<br>(unaudited) | January 1, 2011 |
|----------------------------------------------|-----------------------------|-----------------|
| <b>Current assets:</b>                       |                             |                 |
| Cash and cash equivalents                    | \$ 11,636                   | \$ 49,756       |
| Accounts receivable, net                     | 283,658                     | 263,364         |
| Inventories                                  | 175,203                     | 149,151         |
| Prepaid and other current assets             | 66,217                      | 66,135          |
| Total current assets                         | 536,714                     | 528,406         |
| Property, plant and equipment, net           | 358,630                     | 347,921         |
| Goodwill                                     | 209,002                     | 209,161         |
| Other intangible assets, net                 | 242,382                     | 246,424         |
| Other assets, net                            | 64,063                      | 65,818          |
| Total assets                                 | \$ 1,410,791                | \$ 1,397,730    |
| <b>Liabilities and Shareholders' Deficit</b> |                             |                 |
| <b>Current liabilities:</b>                  |                             |                 |
| Current maturities of long-term debt         | \$ 12,933                   | \$ 10,098       |
| Accounts payable                             | 177,331                     | 166,468         |
| Accrued compensation and related liabilities | 33,745                      | 30,672          |
| Other current liabilities                    | 89,287                      | 98,471          |
| Total current liabilities                    | 313,296                     | 305,709         |
| Long-term debt                               | 1,284,894                   | 1,283,905       |
| Other liabilities                            | 142,738                     | 149,447         |
| Commitments and contingencies                |                             |                 |
| <b>Shareholders' deficit:</b>                |                             |                 |
| Preferred stock                              | —                           | —               |
| Common stock                                 | 630                         | 627             |
| Paid-in capital                              | 347,447                     | 342,607         |
| Retained deficit                             | (661,124 )                  | (664,282 )      |
| Accumulated other comprehensive loss         | (17,090 )                   | (20,283 )       |
| Total shareholders' deficit                  | (330,137 )                  | (341,331 )      |
| Total liabilities and shareholders' deficit  | \$ 1,410,791                | \$ 1,397,730    |

See notes to condensed consolidated financial statements.

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except per share data)  
(unaudited)

|                                                              | Three Months Ended |                 | Six Months Ended |                 |
|--------------------------------------------------------------|--------------------|-----------------|------------------|-----------------|
|                                                              | July 2,<br>2011    | July 3,<br>2010 | July 2,<br>2011  | July 3,<br>2010 |
| Net sales                                                    | \$495,199          | \$445,264       | \$998,264        | \$899,198       |
| Cost of sales                                                | 402,910            | 360,017         | 816,731          | 735,207         |
| Selling, general and administrative expenses                 | 54,622             | 51,484          | 115,114          | 105,526         |
| Amortization of intangible assets                            | 2,811              | 2,901           | 5,586            | 5,785           |
| Restructuring and impairment charges                         | 5,465              | 11,476          | 9,292            | 21,103          |
| Operating income                                             | 29,391             | 19,386          | 51,541           | 31,577          |
| Gain on bargain purchase                                     | (540 )             | —               | (11,079 )        | —               |
| Interest expense, net                                        | 29,412             | 31,492          | 59,629           | 61,106          |
| Loss on early extinguishment of debt                         | —                  | —               | —                | 2,598           |
| Other expense, net                                           | 149                | 305             | 338              | 1,032           |
| Income (loss) from continuing operations before income taxes | 370                | (12,411 )       | 2,653            | (33,159 )       |
| Income tax benefit                                           | (4 )               | (4,119 )        | (505 )           | (13,846 )       |
| Income (loss) from continuing operations                     | 374                | (8,292 )        | 3,158            | (19,313 )       |
| Loss from discontinued operations, net of taxes              | —                  | (35 )           | —                | (122 )          |
| Net income (loss)                                            | \$374              | \$(8,327 )      | \$3,158          | \$(19,435 )     |
| Income (loss) per share – basic and diluted:                 |                    |                 |                  |                 |
| Continuing operations                                        | \$0.01             | \$(0.13 )       | \$0.05           | \$(0.31 )       |
| Discontinued operations                                      | —                  | —               | —                | —               |
| Net income (loss)                                            | \$0.01             | \$(0.13 )       | \$0.05           | \$(0.31 )       |
| Weighted average shares outstanding:                         |                    |                 |                  |                 |
| Basic                                                        | 62,862             | 62,216          | 62,802           | 62,166          |
| Diluted                                                      | 63,439             | 62,216          | 63,224           | 62,166          |

See notes to condensed consolidated financial statements.

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)  
(unaudited)

|                                                                                            | Six Months Ended |                 |
|--------------------------------------------------------------------------------------------|------------------|-----------------|
|                                                                                            | July 2,<br>2011  | July 3,<br>2010 |
| Cash flows from operating activities:                                                      |                  |                 |
| Net income (loss)                                                                          | \$3,158          | \$(19,435 )     |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities:   |                  |                 |
| Loss from discontinued operations, net of taxes                                            | —                | 122             |
| Depreciation and amortization, excluding non-cash interest expense, net                    | 33,908           | 33,010          |
| Non-cash interest expense, net                                                             | 2,875            | 2,345           |
| Loss on early extinguishment of debt                                                       | —                | 2,598           |
| Stock-based compensation provision                                                         | 5,018            | 5,625           |
| Non-cash restructuring and impairment charges, net of gain on sale                         | 1,758            | 5,525           |
| Bargain purchase gain                                                                      | (11,079 )        | —               |
| Deferred income taxes                                                                      | (3,078 )         | (15,976 )       |
| (Gain) loss on sale of assets                                                              | 292              | (65 )           |
| Other non-cash charges                                                                     | 4,235            | 3,853           |
| Changes in operating assets and liabilities, excluding the effects of acquired businesses: |                  |                 |
| Accounts receivable                                                                        | 6,063            | 23,022          |
| Inventories                                                                                | (6,428 )         | (2,161 )        |
| Accounts payable and accrued compensation and related liabilities                          | (6,639 )         | (18,896 )       |
| Other working capital changes                                                              | (13,495 )        | 16,623          |
| Other, net                                                                                 | (4,739 )         | (6,595 )        |
| Net cash provided by operating activities                                                  | 11,849           | 29,595          |
| Cash flows from investing activities:                                                      |                  |                 |
| Cost of business acquisitions, net of cash acquired                                        | (54,784 )        | (21,483 )       |
| Capital expenditures                                                                       | (8,547 )         | (8,236 )        |
| Proceeds from sale of property, plant and equipment                                        | 10,864           | 1,476           |
| Net cash used in investing activities                                                      | (52,467 )        | (28,243 )       |
| Cash flows from financing activities:                                                      |                  |                 |
| Borrowings under revolving credit facility due 2014                                        | 8,200            | —               |
| Proceeds from exercise of stock options                                                    | 318              | 1,281           |
| Repayments of other long-term debt                                                         | (3,556 )         | (4,064 )        |
| Repayment of term loan B due 2016                                                          | (1,900 )         | —               |
| Purchase and retirement of common stock upon vesting of RSUs                               | (496 )           | —               |
| Proceeds from issuance of 8 % senior second lien notes                                     | —                | 397,204         |
| Repayment of term loans                                                                    | —                | (311,944 )      |
| Repayments under revolving credit facility due 2012                                        | —                | (22,500 )       |
| Payment of refinancing or repurchase fees, redemption premiums and expenses                | —                | (13,009 )       |
| Net cash provided by financing activities                                                  | 2,566            | 46,968          |
| Effect of exchange rate changes on cash and cash equivalents                               | (68 )            | 817             |
| Net (decrease) increase in cash and cash equivalents                                       | (38,120 )        | 49,137          |
| Cash and cash equivalents at beginning of period                                           | 49,756           | 10,796          |
| Cash and cash equivalents at end of period                                                 | \$11,636         | \$59,933        |

See notes to condensed consolidated financial statements.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements (“financial statements”) of Cenveo, Inc. and subsidiaries (collectively, “Cenveo” or the “Company”) have been prepared in accordance with Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission (“SEC”) and, in the Company’s opinion, include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of financial position as of July 2, 2011, and the results of operations and cash flows as of and for the three and six month periods ended July 2, 2011 and July 3, 2010. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted pursuant to SEC rules. The results of operations for the three and six month periods ended July 2, 2011 are generally not indicative of the results to be expected for any interim period or for the full year, primarily due to seasonality and restructuring, acquisition and debt related activities or transactions. The January 1, 2011 consolidated balance sheet has been derived from the audited consolidated financial statements at that date. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 1, 2011 (“Form 10-K”) filed with the SEC.

It is the Company’s practice to close its fiscal quarters on the Saturday closest to the last day of the calendar quarter. The reporting periods for the three and six months ended July 2, 2011 and July 3, 2010, each consisted of 13 weeks and 26 weeks, respectively.

New Accounting Pronouncements

Effective January 2, 2011, the Company adopted the remaining disclosure requirements of an accounting pronouncement that provides for certain disclosures relating to fair value measurements. This pronouncement requires additional disclosures regarding transfers between Levels 1, 2 and 3 of the fair value hierarchy of this pronouncement as well as a more detailed reconciliation of recurring Level 3 measurements. Certain disclosure requirements of this pronouncement were effective and adopted by the Company in the first quarter of 2010. The adoption of the remaining disclosure requirements of this pronouncement did not have a material impact on the Company’s financial statements.

Effective January 2, 2011, the Company adopted an accounting pronouncement that updates existing disclosure requirements related to supplementary pro forma information for business combinations. Under the updated guidance, a public entity that presents comparative financial statements should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. The guidance also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. This guidance became effective for the Company in the first quarter of 2011 and is applied prospectively to business combinations that have an acquisition date on or after January 2, 2011. The adoption of this pronouncement did not have a material impact on the Company’s financial statements.

In May 2011, an accounting pronouncement was issued to achieve common fair value measurement and disclosure requirements under GAAP and International Financial Reporting Standards (“IFRS”). This pronouncement provides for a consistent definition and measurement of fair value, as well as similar disclosure requirements between GAAP and

IFRS. The pronouncement changes certain fair value measurement principles, clarifies the application of existing fair value measurement and expands fair value measurement disclosure requirements, particularly for Level 3 measurements. This pronouncement will become effective for the Company in the fourth quarter of 2011. The adoption of this pronouncement is not expected to have a material impact on the Company's financial statements.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Basis of Presentation (Continued)

In June 2011, an accounting pronouncement was issued relating to the presentation of comprehensive income. This pronouncement requires the presentation of comprehensive income in either (i) a continuous statement of comprehensive income or (ii) two separate, but consecutive statements. This pronouncement will become effective for the Company in the fourth quarter of 2011. The adoption of this pronouncement is not expected to have a material impact on the Company's financial statements.

2. Acquisitions

The Company accounts for business combinations under the provisions of the Business Combination Topic of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") 805. Acquisitions are accounted for by the acquisition method, and accordingly, the assets and liabilities of the acquired businesses have been recorded at their estimated fair value on the acquisition date with the excess of the purchase price over their estimated fair value recorded as goodwill. In the event the estimated fair value of the assets and liabilities acquired exceeds the purchase price paid, a bargain purchase gain is recorded in the statement of operations.

Acquisition-related costs are expensed as incurred and are included in selling, general and administrative expenses of the Company's condensed consolidated statement of operations and were \$0.6 million and \$1.1 million for the three months ended July 2, 2011 and July 3, 2010, respectively, and \$4.1 million and \$1.6 million for the six months ended July 2, 2011 and July 3, 2010, respectively.

2011

Envelope Product Group

On February 1, 2011, the Company acquired the assets of MeadWestvaco Corporation's Envelope Product Group ("EPG"). EPG manufactures and distributes envelope products for the billing, financial, direct mail and office products markets and had approximately 900 employees in the United States. Prior to the acquisition, EPG had annual net sales of approximately \$240 million. The Company believes EPG will further strengthen its existing envelope operations and will provide for manufacturing efficiencies given EPG's unique asset base and geographic overlap of facilities that exists between EPG and the Company's existing envelope operations. EPG was assigned to the Company's envelopes, forms and labels segment. The purchase price was approximately \$55.2 million, and was preliminarily allocated to the tangible and identifiable assets acquired and liabilities assumed based on their estimated fair values at their acquisition date. The changes to the Company's preliminary purchase price allocation primarily relate to inventory fair value, revisions to land and building valuations and adjustments to certain accruals to present them at their estimated fair value. The purchase price allocation is pending the completion of the property, plant and equipment valuation. The EPG acquisition preliminarily resulted in a bargain purchase gain of approximately \$11.1 million, which was recognized in the Company's condensed consolidated statement of operations. Prior to the recognition of the bargain purchase gain, the Company reassessed the preliminary fair value of assets acquired and liabilities assumed in the acquisition. The Company believes it was able to acquire EPG for less than the fair value of its net assets due to its operating results prior to the Company's acquisition and its parent company's willingness to sell the EPG assets given its desire to exit a non-core business. The acquired identifiable intangible assets relate to: (i) a trade name of \$1.0 million, which is being amortized over its estimated useful life of 10 years and (ii) a patent of \$0.5 million, which is being amortized over its estimated useful life of 15 years.



CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 2. Acquisitions (Continued)

## Preliminary Purchase Price Allocation

The following table summarizes the preliminary allocation of the purchase price of EPG to the assets acquired and liabilities assumed in the acquisition (in thousands):

|                                 | As of<br>February 1, 2011 |
|---------------------------------|---------------------------|
| Accounts receivable, net        | \$ 29,817                 |
| Inventories                     | 21,893                    |
| Other current assets            | 386                       |
| Property, plant and equipment   | 37,747                    |
| Other intangible assets         | 1,500                     |
| Other assets                    | 2,240                     |
| Total assets acquired           | 93,583                    |
| Current liabilities             | 25,583                    |
| Other liabilities               | 1,763                     |
| Total liabilities assumed       | 27,346                    |
| Net assets acquired             | 66,237                    |
| Cost of EPG acquisition         | 55,158                    |
| Gain on bargain purchase of EPG | \$ 11,079                 |

The preliminary fair values of property, plant and equipment and intangible assets associated with the EPG acquisition were determined to be Level 3 under the fair value hierarchy. Property, plant and equipment values were estimated based on discussions with machinery and equipment brokers, internal expertise related to the equipment and current marketplace conditions. The trade name and patent intangible assets were valued using a relief from royalty method based on future estimated revenues. The inputs used in the relief from royalty method include discount rates based on a weighted average cost of capital, growth and relief from royalty rates as well as an obsolescence factor.

EPG's results of operations and cash flows are included in the Company's condensed consolidated statements of operations and cash flows from February 1, 2011 and are not included in 2010. Net sales of \$52.6 million and \$94.0 million are included in the Company's condensed consolidated statement of operations for the three and six months ended July 2, 2011, respectively.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 2. Acquisitions (Continued)

## Unaudited Pro Forma Financial Information

The following supplemental pro forma consolidated summary financial information of the Company for the three month period ended July 3, 2010 and the six month periods ended July 2, 2011 and July 3, 2010 presented herein has been prepared by adjusting the historical data as set forth in its condensed consolidated statements of operations to give effect to the EPG acquisition as if it had been made as of January 3, 2010 (in thousands, except per share amounts):

|                                      | Three Months Ended<br>July 3, 2010 |              |
|--------------------------------------|------------------------------------|--------------|
|                                      | As<br>Reported                     | Pro<br>Forma |
| Net sales                            | \$ 445,264                         | \$ 503,585   |
| Operating income                     | 19,386                             | 17,327       |
| Loss from continuing operations      | (8,292)                            | (7,492)      |
| Net loss                             | (8,327)                            | (7,527)      |
| Loss per share – basic and diluted:  |                                    |              |
| Continuing operations                | \$ (0.13 )                         | \$ (0.12)    |
| Discontinued operations              | —                                  | —            |
| Net loss                             | \$ (0.13)                          | \$ (0.12)    |
| Weighted average shares outstanding: |                                    |              |
| Basic and diluted                    | 62,216                             | 62,216       |

  

|                                              | Six Months Ended<br>July 2, 2011 |              | Six Months Ended<br>July 3, 2010 |              |
|----------------------------------------------|----------------------------------|--------------|----------------------------------|--------------|
|                                              | As<br>Reported                   | Pro<br>Forma | As<br>Reported                   | Pro<br>Forma |
| Net sales                                    | \$998,264                        | \$1,019,046  | \$899,198                        | \$1,024,416  |
| Operating income                             | 51,541                           | 55,807       | 31,577                           | 30,199       |
| Income (loss) from continuing operations     | 3,158                            | (985 )       | (19,313 )                        | (17,925 )    |
| Net income (loss)                            | 3,158                            | (985 )       | (19,435 )                        | (18,047 )    |
| Income (loss) per share – basic and diluted: |                                  |              |                                  |              |
| Continuing operations                        | \$0.05                           | \$(0.02 )    | \$(0.31 )                        | \$(0.29 )    |
| Discontinued operations                      | —                                | —            | —                                | —            |
| Net income (loss)                            | \$0.05                           | \$(0.02 )    | \$(0.31 )                        | \$(0.29 )    |
| Weighted average shares outstanding:         |                                  |              |                                  |              |
| Basic                                        | 62,802                           | 62,802       | 62,166                           | 62,166       |
| Diluted                                      | 63,224                           | 62,802       | 62,166                           | 62,166       |

The supplemental pro forma consolidated summary financial information is presented for comparative purposes only and does not purport to be indicative of the Company's actual condensed consolidated results of operations had the EPG acquisition actually been consummated as of the beginning of the period noted above or of the Company's expected future results of operations. The adjustments related to the EPG acquisition supplemental pro forma consolidated summary financial information above include the elimination of sales between the Company and EPG, removal of acquisition related expenses and bargain purchase gain related to the acquisition, an estimate of the interest expense related to the increased debt resulting from the EPG acquisition and an adjustment to the statutory income tax rate. In addition, the Company has performed its preliminary assessment of the purchase price allocation by identifying intangible assets and estimating the fair value of intangible and tangible assets, including a trade name, patent and property, plant and equipment for which pro forma adjustments have been made to depreciation and amortization expense related to these estimated fair values. Differences between the preliminary and final purchase price allocation could have a material impact on the supplemental pro forma consolidated summary financial information and the Company's future results of operations and financial position.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Acquisitions (Continued)

2010

Gilbreth

On November 29, 2010, the Company acquired the common stock of Impaxx, Inc., the sole owner of CMS Gilbreth Packaging Solutions, Inc. ("Gilbreth"), which had annual net sales of approximately \$17.0 million prior to its acquisition by the Company. This acquisition expands the Company's packaging platform to include shrink sleeve printing. Gilbreth focuses on manufacturing full body shrink sleeves and tamper evident neck bands, mainly in the food and beverage, pharmaceutical and nutraceutical markets. The total purchase price was approximately \$18.7 million and was allocated to the tangible and identifiable assets acquired and liabilities assumed based on their estimated fair value at the acquisition date. The Gilbreth acquisition resulted in \$5.2 million of goodwill, none of which is deductible for income tax purposes, and which was assigned entirely to the Company's commercial printing segment. The acquired identifiable intangible assets relate to: (i) the Gilbreth trade name of \$3.9 million, which is being amortized over its estimated useful life of 20 years, and (ii) customer relationships of \$3.1 million, which are being amortized over their estimated weighted average useful lives of 15 years.

Gilbreth's results of operations and cash flows are included in the Company's condensed consolidated statements of operations and cash flows from November 29, 2010. Pro forma results for the three and six month periods ended July 3, 2010, assuming the acquisition of Gilbreth had been made on January 4, 2009, have not been presented since the effect would not be material.

Glyph

On May 31, 2010, the Company acquired all of the common stock of Glyph International and its subsidiaries ("Glyph"), which had annual net sales of approximately \$9.0 million prior to its acquisition by the Company. Glyph is a leading provider of content solutions to publishers, with operations in Bangalore and New Delhi, India, and was acquired to further enhance the Company's content management operations. Glyph specializes in full suite content production, from project management through editorial, composition, artwork, and XML creation. The total purchase price was \$15.1 million, net of cash acquired of \$2.3 million and was allocated to the tangible and identifiable assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The Glyph acquisition resulted in \$9.5 million of goodwill, none of which is deductible for income tax purposes, and which was assigned entirely to the Company's commercial printing segment. The acquired identifiable intangible assets relate to: (i) customer relationships of \$3.1 million, which are being amortized over their weighted average useful lives of seven years, and (ii) a trade name of \$0.4 million, which is being amortized over its useful life of four years.

Glyph's results of operations and cash flows are included in the Company's condensed consolidated statements of operations and cash flows from June 1, 2010. Pro forma results for the three and six month periods ended July 3, 2010, assuming the acquisition of Glyph had been made on January 4, 2009, have not been presented since the effect would not be material.

Clixx

On February 11, 2010, the Company acquired the assets of Clixx Direct Marketing Services, Inc. ("Clixx"), which had annual net sales of approximately \$16.7 million prior to its acquisition by the Company. The acquisition of Clixx

allows the Company's Canadian operations an opportunity to provide certain customers with end-of-production capabilities. The total purchase price was allocated to the tangible and identifiable assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The Clixx acquisition resulted in \$5.3 million of goodwill, all of which is deductible for income tax purposes, and was assigned entirely to the Company's commercial printing segment. The acquired identifiable intangible asset relates to customer relationships of \$1.3 million, which are being amortized over their weighted average useful lives of nine years.

Clixx's results of operations and cash flows are included in the Company's condensed consolidated statements of operations and cash flows from February 11, 2010. Pro forma results for the six month period ended July 3, 2010, assuming the acquisition of Clixx had been made on January 4, 2009, have not been presented since the effect would not be material.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 2. Acquisitions (Continued)

### Subsequent Event

On August 1, 2011, the Company acquired all of the assets of Nesbitt Graphics, Inc. (“Nesbitt”) for approximately \$5.0 million. Prior to its acquisition by the Company, Nesbitt had annual net sales of approximately \$5.6 million. Nesbitt is a small content management business that focuses on high end book content development and project management offerings. Nesbitt will be assigned to the Company’s commercial printing segment. The Company is currently determining its preliminary allocation of the purchase price of Nesbitt and expects to be complete with its preliminary determination during the third quarter of 2011.

## 3. Inventories

Inventories by major category are as follows (in thousands):

|                 | July 2,<br>2011 | January 1,<br>2011 |
|-----------------|-----------------|--------------------|
| Raw materials   | \$ 72,668       | \$ 66,390          |
| Work in process | 23,765          | 28,468             |
| Finished goods  | 78,770          | 54,293             |
|                 | \$ 175,203      | \$ 149,151         |

## 4. Property, Plant and Equipment

Property, plant and equipment are as follows (in thousands):

|                                     | July 2,<br>2011 | January 1,<br>2011 |
|-------------------------------------|-----------------|--------------------|
| Land and land improvements          | \$ 20,527       | \$ 16,023          |
| Buildings and building improvements | 115,486         | 105,757            |
| Machinery and equipment             | 626,484         | 608,601            |
| Furniture and fixtures              | 12,524          | 11,823             |
| Construction in progress            | 5,632           | 7,799              |
|                                     | 780,653         | 750,003            |
| Accumulated depreciation            | (422,023)       | (402,082)          |
|                                     | \$ 358,630      | \$ 347,921         |

### Assets Held for Sale

In connection with the Company’s cost savings, restructuring and integration plans, there is currently one owned property that is available for sale, which relates to the Company’s commercial printing segment. The Company has recorded this asset as available for sale in other assets, net on its condensed consolidated balance sheet and has presented it at its fair value less estimated cost to sell, which is approximately \$0.9 million.

In the first six months of 2011, the Company sold four manufacturing facilities, of which two related to its envelopes, forms and labels segment and two related to its commercial printing segment, for net proceeds of \$9.6 million. The

Company also sold certain manufacturing assets for net proceeds of \$1.0 million. These assets were previously classified as available for sale and were recorded at their fair value less estimated cost to sell.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill as of July 2, 2011 and January 1, 2011 by reportable segment are as follows (in thousands):

|                               | Envelopes,<br>Forms<br>and Labels | Commercial<br>Printing | Total     |
|-------------------------------|-----------------------------------|------------------------|-----------|
| Balance as of January 1, 2011 | \$152,866                         | \$ 56,295              | \$209,161 |
| Acquisition                   | —                                 | (373 )                 | (373 )    |
| Foreign currency translation  | —                                 | 214                    | 214       |
| Balance as of July 2, 2011    | \$152,866                         | \$ 56,136              | \$209,002 |

Other intangible assets are as follows (in thousands):

|                                              | July 2, 2011                                                          |                             |                      |                             |                           | January 1, 2011             |                      |                             |                           |
|----------------------------------------------|-----------------------------------------------------------------------|-----------------------------|----------------------|-----------------------------|---------------------------|-----------------------------|----------------------|-----------------------------|---------------------------|
|                                              | Weighted<br>Average<br>Remaining<br>Amortization<br>Period<br>(Years) | Gross<br>Carrying<br>Amount | Impairment<br>Charge | Accumulated<br>Amortization | Net<br>Carrying<br>Amount | Gross<br>Carrying<br>Amount | Impairment<br>Charge | Accumulated<br>Amortization | Net<br>Carrying<br>Amount |
| InIntangible assets with determinable lives: |                                                                       |                             |                      |                             |                           |                             |                      |                             |                           |
| Customer relationships                       | 13                                                                    | \$179,770                   | \$ (27,234 )         | \$ (53,008 )                | \$99,528                  | \$179,722                   | \$ (27,234 )         | \$ (48,308 )                | \$104,180                 |
| Trademarks and trade names                   | 21                                                                    | 26,261                      | —                    | (6,581 )                    | 19,680                    | 25,261                      | —                    | (5,934 )                    | 19,327                    |
| Patents                                      | 8                                                                     | 3,528                       | —                    | (2,440 )                    | 1,088                     | 3,028                       | —                    | (2,292 )                    | 736                       |
| Non-compete agreements                       | 1                                                                     | 510                         | —                    | (398 )                      | 112                       | 1,616                       | —                    | (1,444 )                    | 172                       |
| Other                                        | 7                                                                     | 600                         | —                    | (126 )                      | 474                       | 802                         | —                    | (293 )                      | 509                       |
| Subtotal                                     | 14                                                                    | 210,669                     | (27,234 )            | (62,553 )                   | 120,882                   | 210,429                     | (27,234 )            | (58,271 )                   | 124,924                   |
| InIntangible assets with indefinite lives:   |                                                                       |                             |                      |                             |                           |                             |                      |                             |                           |
| Trademarks                                   |                                                                       | 143,500                     | (22,000 )            | —                           | 121,500                   | 143,500                     | (22,000 )            | —                           | 121,500                   |
| Total                                        |                                                                       | \$354,169                   | \$ (49,234 )         | \$ (62,553 )                | \$242,382                 | \$353,929                   | \$ (49,234 )         | \$ (58,271 )                | \$246,424                 |

Annual amortization expense of intangible assets for the next five years is estimated to be as follows (in thousands):

|      | Annual<br>Estimated<br>Expense |
|------|--------------------------------|
| 2011 | \$ 11,062                      |
| 2012 | 10,921                         |
| 2013 | 10,630                         |
| 2014 | 10,445                         |
| 2015 | 9,808                          |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. Long-Term Debt

Long-term debt is as follows (in thousands):

|                                                                                                                                               | July 2,<br>2011 | January 1,<br>2011 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------|
| Revolving credit facility, due 2014                                                                                                           | \$8,200         | \$—                |
| 7 % senior subordinated notes, due 2013                                                                                                       | 296,270         | 296,270            |
| 8 % senior subordinated notes, due 2014 (\$32.2 million outstanding principal amount as of July 2, 2011 and January 1, 2011)                  | 32,558          | 32,610             |
| Term loan B, due 2016 (\$378.1 million and \$380.0 million outstanding principal amount as of July 2, 2011 and January 1, 2011, respectively) | 374,617         | 376,200            |
| 10½% senior notes, due 2016                                                                                                                   | 170,000         | 170,000            |
| 8 % senior second lien notes, due 2018 (\$400.0 million outstanding principal amount as of July 2, 2011 and January 1, 2011)                  | 397,565         | 397,432            |
| Other debt including capital leases                                                                                                           | 18,617          | 21,491             |
|                                                                                                                                               | 1,297,827       | 1,294,003          |
| Less current maturities                                                                                                                       | (12,933 )       | (10,098 )          |
| Long-term debt                                                                                                                                | \$1,284,894     | \$1,283,905        |

The estimated fair value of the Company's long-term debt was approximately \$1.3 billion as of July 2, 2011 and January 1, 2011. The fair value was determined by the Company to be Level 2 under the fair value hierarchy and was based upon review of interest rates on financing options available to the Company with similar terms and maturities.

As of July 2, 2011, we were in compliance with all debt agreement covenants.

## Interest Rate Swaps

From time to time the Company enters into interest rate swap agreements to hedge interest rate exposure of notional amounts of its floating rate debt. The Company's hedges of interest rate risk were designated and documented at inception as cash flow hedges and were evaluated for effectiveness at least quarterly. As of January 1, 2011, the Company had \$200.0 million notional amount of such interest rate swaps. During the first six months of 2011, the Company redeemed all of the remaining \$200.0 million notional amount of its interest rate swaps. For the three and six months ended July 2, 2011, income from ineffectiveness of \$0.4 million and \$2.2 million, respectively, and expense of \$0.4 million and \$2.2 million, respectively, relating to the amortization from accumulated other comprehensive loss (Note 12) was recorded in interest expense, net in the condensed consolidated statement of operations. For the three and six months ended July 3, 2010, income from ineffectiveness of \$0.3 million and \$0.7 million, respectively, and expense of \$0.5 million and \$1.0 million, respectively, relating to the amortization from accumulated other comprehensive loss (Note 12) was recorded in interest expense, net in the condensed consolidated statement of operations.

The Company's interest rate swaps are valued using discounted cash flows, as no quoted market prices exist for the specific instruments. The primary inputs to the valuation are maturity and interest rate yield curves, specifically three-month London Interbank Offered Rate, using commercially available market sources. The interest rate swaps are categorized as Level 2 under the fair value hierarchy. The table below presents the fair value of the Company's interest

rate swaps (in thousands):

|                                      | July 2,<br>2011 | January 1,<br>2011 |
|--------------------------------------|-----------------|--------------------|
| <b>Current Liabilities:</b>          |                 |                    |
| Interest Rate Swaps<br>(ineffective) | \$ —            | \$ 2,222           |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. Long-Term Debt (Continued)

### Extinguishments

In connection with a refinancing in February 2010, the Company incurred a loss on early extinguishment of debt of \$2.6 million, of which \$1.5 million relates to fees paid to consenting lenders and \$1.1 million relates to the write-off of previously unamortized debt issuance costs.

## 7. Commitments and Contingencies

The Company is party to various legal actions that are ordinary and incidental to its business. While the outcome of pending legal actions cannot be predicted with certainty, management believes the outcome of these various proceedings will not have a material adverse effect on the Company's condensed consolidated financial condition or results of operations.

The Company is involved in certain environmental matters and has been designated as a potentially responsible party for certain hazardous waste sites. There have been no material changes related to these environmental matters and, based on information currently available, the Company believes that remediation of these environmental matters will not have a material adverse effect on the Company's condensed consolidated financial condition or results of operations.

The Company's income, sales and use, and other tax returns are routinely subject to audit by various authorities. The Company believes that the resolution of any matters raised during such audits will not have a material adverse effect on the Company's condensed consolidated financial position or its results of operations.

## 8. Fair Value Measurements

Certain assets and liabilities of the Company are required to be recorded at fair value on either a recurring or non-recurring basis. Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants.

The fair value of the Company's cash and cash equivalents, accounts receivable, net, current maturities of long-term debt and accounts payable approximate their carrying value due to their short term nature. On a recurring basis, the Company records its interest rate swap contracts (Note 6) and its pension and other postretirement plan assets at fair value. The table below presents the carrying value and fair value of these assets and liabilities of the Company as of July 2, 2011 and January 1, 2011, respectively (in thousands):

|                                      | July 2, 2011   |            | January 1, 2011 |            |
|--------------------------------------|----------------|------------|-----------------|------------|
|                                      | Carrying Value | Fair Value | Carrying Value  | Fair Value |
| Cash and cash equivalents            | \$11,636       | \$11,636   | \$49,756        | \$49,756   |
| Accounts receivable, net             | 283,658        | 283,658    | 263,364         | 263,364    |
| Current maturities of long-term debt | 12,933         | 12,933     | 10,098          | 10,098     |
| Accounts payable                     | 177,331        | 177,331    | 166,468         | 166,468    |

The Company is required, on a non-recurring basis, to adjust the carrying value of its long-lived assets held (Note 4) and goodwill and other intangible assets (Note 5). These assets were determined by the Company to be Level 2 and Level 3 under the fair value hierarchy and are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence that impairment may exist. The Company also records the assets and liabilities assumed in its acquisitions (Note 2) at fair value.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Retirement Plans

The components of the net periodic expense for the Company's pension plans and other postretirement benefit plans are as follows (in thousands):

|                                | Three Months Ended |                 | Six Months Ended |                 |
|--------------------------------|--------------------|-----------------|------------------|-----------------|
|                                | July 2,<br>2011    | July 3,<br>2010 | July 2,<br>2011  | July 3,<br>2010 |
| Service cost                   | \$369              | \$245           | \$657            | \$489           |
| Interest cost                  | 3,773              | 4,119           | 7,543            | 8,042           |
| Expected return on plan assets | (4,092 )           | (3,615 )        | (8,181 )         | (7,229 )        |
| Net amortization and deferral  | (1 )               | —               | (2 )             | 1               |
| Recognized net actuarial loss  | 316                | 559             | 632              | 1,119           |
| Net periodic expense           | \$365              | \$1,308         | \$649            | \$2,422         |

Interest cost on projected benefit obligation includes \$0.2 million and \$0.5 million related to the Company's other postretirement plans in the three months ended July 2, 2011 and July 3, 2010, respectively, and \$0.4 million and \$0.7 million in the six months ended July 2, 2011 and July 3, 2010, respectively.

For the six months ended July 2, 2011, the Company made contributions of \$7.1 million to its pension plans and other postretirement plans. The Company expects to contribute approximately \$14.0 million to its pension plans and postretirement plans for the remainder of 2011.

### 10. Stock-Based Compensation

Total stock-based compensation expense recognized in selling, general and administrative expenses in the Company's condensed consolidated statements of operations was \$2.5 million and \$5.0 million for the three and six months ended July 2, 2011, respectively, and \$2.7 million and \$5.6 million for the three and six months ended July 3, 2010, respectively.

As of July 2, 2011, there was approximately \$14.0 million of total unrecognized compensation cost related to unvested share-based compensation grants, which is expected to be amortized over a weighted-average period of 2.5 years.

A summary of the Company's outstanding stock options as of and for the six month period ended July 2, 2011 is as follows:

|                                | Options   | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Term (In<br>Years) | Aggregate<br>Intrinsic<br>Value(a)<br>(In<br>Thousands) |
|--------------------------------|-----------|------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------|
| Outstanding at January 1, 2011 | 3,805,224 | \$ 10.70                                 | 3.1                                                                   | \$ 1,075                                                |
| Granted                        | 590,000   | 5.62                                     |                                                                       |                                                         |
| Exercised                      | (62,400)  | 4.06                                     |                                                                       | \$ 131                                                  |
| Forfeited                      | (73,825)  | 5.74                                     |                                                                       |                                                         |

|                             |           |    |       |     |    |       |
|-----------------------------|-----------|----|-------|-----|----|-------|
| Outstanding at July 2, 2011 | 4,258,999 | \$ | 10.18 | 3.0 | \$ | 2,425 |
| Exercisable at July 2, 2011 | 2,695,999 | \$ | 12.35 | 2.0 | \$ | 996   |

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(a) Intrinsic value for purposes of this table represents the amount by which the fair value of the underlying stock, based on the respective market prices at July 2, 2011 or, if exercised, the exercise dates, exceeds the exercise prices of the respective options.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Stock-Based Compensation (Continued)

The weighted-average grant date fair value of stock options granted during the six month period ended July 2, 2011 were at exercise prices equal to the market price of the stock on the grant dates, as calculated under the Black-Scholes Model with the weighted-average assumptions as follows:

|                                              |        |
|----------------------------------------------|--------|
| Weighted average fair value of option grants | \$2.28 |
| Assumptions:                                 |        |
| Expected option life in years                | 4.25   |
| Risk-free interest rate                      | 1.46 % |
| Expected volatility                          | 49.1 % |
| Expected dividend yield                      | 0.0 %  |

The risk-free interest rate represents the U.S. Treasury Bond constant maturity yield approximating the expected option life of stock options granted during the period. The expected option life represents the period of time that the stock options granted during the period are expected to be outstanding, based on the mid-point between the vesting date and contractual expiration date of the option. The expected volatility is based on the historical market price volatility of the Company's common stock for the expected term of the options, adjusted for expected mean reversion.

Restricted Shares and Restricted Share Units ("RSUs")

A summary of the Company's unvested restricted shares and RSUs as of and for the six month period ended July 2, 2011 is as follows:

|                             | Restricted Shares |                                                 | RSUs       |                                                 |
|-----------------------------|-------------------|-------------------------------------------------|------------|-------------------------------------------------|
|                             |                   | Weighted<br>Average<br>Grant Date<br>Fair Value |            | Weighted<br>Average<br>Grant Date<br>Fair Value |
|                             | Shares            |                                                 | Shares     |                                                 |
| Unvested at January 1, 2011 | 25,300            | \$6.53                                          | 1,720,674  | \$8.13                                          |
| Granted                     | —                 | —                                               | 806,084    | 5.62                                            |
| Vested                      | —                 | —                                               | (346,924 ) | 6.25                                            |
| Forfeited                   | (25,300 )         | 6.53                                            | (8,750 )   | 7.28                                            |
| Unvested at July 2, 2011    | —                 | \$—                                             | 2,171,084  | \$7.50                                          |

The total fair value of RSUs that vested during the three and six months ended July 2, 2011 was \$2.1 million and \$2.2 million, as of the respective vesting dates.

11. Restructuring and Impairment Charges

Cost Savings, Restructuring and Integration Plans

In addition to the other restructuring plans implemented by the Company's segments described below, the Company currently has one active and five residual cost savings, restructuring and integration plans: (i) the plan related to the integration of the EPG acquisition (the "EPG Plan") and (ii) the plans related to the integration of the Nashua

Corporation and Glyph acquisitions (collectively with the EPG Plan the “Acquisition Integration Plans”), the 2009 Cost Savings and Restructuring Plan, the 2007 Cost Savings and Integration Plan and the 2005 Cost Savings and Restructuring Plan (collectively referred to as the “Residual Plans”).

#### EPG Plan

Upon the completion of the EPG acquisition, the Company developed and implemented its preliminary plan to integrate EPG into its existing envelope operations. Since the date of acquisition, activities related to the EPG Plan have included the closure and consolidation of two manufacturing facilities into the Company’s existing operations and the elimination of duplicative headcount. In the second quarter of 2011, the Company has also announced the closure and consolidation of a third EPG facility. The Company anticipates that the integration of EPG will continue for at least the next twelve months and may include additional closure or consolidation of manufacturing facilities and further headcount reductions.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 11. Restructuring and Impairment Charges (Continued)

## Other Restructuring Plans

In 2011, the envelopes, forms and labels and commercial printing segments have implemented further cost savings initiatives (“Other Restructuring Plans”) in order to provide enhanced customer service and centralize various back office functions within their businesses. These Other Restructuring Plans also include the realignment of certain manufacturing platforms, which has resulted in the closure and consolidation of two commercial printing plants into our existing operations. The Company anticipates that the execution and completion of these initiatives will be completed by the end of 2011.

As a result of actions taken in the first six months of 2011, including the EPG Plan, the Company reduced its headcount by approximately 400 employees.

The following tables present the details of the expenses recognized as a result of all the cost savings, restructuring and integration initiatives.

## 2011 Activity

Restructuring and impairment charges for the three months ended July 2, 2011 were as follows (in thousands):

|                                            | Employee<br>Separation<br>Costs | Asset<br>Impairments<br>net of gain<br>on sale | Equipment<br>Moving<br>Expenses | Lease<br>Termination<br>Expenses | Building<br>Clean-up &<br>Other<br>Expenses | Total   |
|--------------------------------------------|---------------------------------|------------------------------------------------|---------------------------------|----------------------------------|---------------------------------------------|---------|
| <b>Envelopes, Forms and Labels</b>         |                                 |                                                |                                 |                                  |                                             |         |
| Other Restructuring Plans                  | \$230                           | \$ —                                           | \$ —                            | \$ —                             | \$ —                                        | \$230   |
| 2009 Plan                                  | —                               | —                                              | 31                              | (106 )                           | 279                                         | 204     |
| 2007 Plan                                  | —                               | —                                              | —                               | 5                                | —                                           | 5       |
| 2005 Plan                                  | —                               | —                                              | —                               | —                                | 1                                           | 1       |
| Acquisition Integration Plans              | 857                             | 594                                            | 796                             | 10                               | 200                                         | 2,457   |
| Total Envelopes, Forms and Labels          | 1,087                           | 594                                            | 827                             | (91 )                            | 480                                         | 2,897   |
| <b>Commercial Printing</b>                 |                                 |                                                |                                 |                                  |                                             |         |
| Other Restructuring Plans                  | 522                             | 24                                             | —                               | 6                                | 10                                          | 562     |
| 2009 Plan                                  | —                               | 864                                            | 126                             | 403                              | 455                                         | 1,848   |
| 2007 Plan                                  | —                               | 77                                             | —                               | —                                | 31                                          | 108     |
| 2005 Plan                                  | —                               | —                                              | —                               | —                                | 6                                           | 6       |
| Total Commercial Printing                  | 522                             | 965                                            | 126                             | 409                              | 502                                         | 2,524   |
| <b>Corporate</b>                           |                                 |                                                |                                 |                                  |                                             |         |
| 2009 Plan                                  | —                               | —                                              | —                               | 7                                | 33                                          | 40      |
| 2007 Plan                                  | —                               | —                                              | —                               | 4                                | —                                           | 4       |
| Total Corporate                            | —                               | —                                              | —                               | 11                               | 33                                          | 44      |
| Total Restructuring and Impairment Charges | \$1,609                         | \$ 1,559                                       | \$953                           | \$ 329                           | \$1,015                                     | \$5,465 |



CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 11. Restructuring and Impairment Charges (Continued)

Restructuring and impairment charges for the six months ended July 2, 2011 were as follows (in thousands):

|                                            | Employee<br>Separation<br>Costs | Asset<br>Impairments<br>net of gain<br>on sale | Equipment<br>Moving<br>Expenses | Lease<br>Termination<br>Expenses | Building<br>Clean-up &<br>Other<br>Expenses | Total    |
|--------------------------------------------|---------------------------------|------------------------------------------------|---------------------------------|----------------------------------|---------------------------------------------|----------|
| <b>Envelopes, Forms and Labels</b>         |                                 |                                                |                                 |                                  |                                             |          |
| Other Restructuring Plans                  | \$ 230                          | \$ —                                           | \$ —                            | \$ —                             | \$ —                                        | \$ 230   |
| 2009 Plan                                  | 388                             | —                                              | 31                              | (63 )                            | 357                                         | 713      |
| 2007 Plan                                  | —                               | —                                              | —                               | 12                               | (32 )                                       | (20 )    |
| 2005 Plan                                  | —                               | —                                              | —                               | —                                | 41                                          | 41       |
| Acquisition Integration Plans              | 1,109                           | 637                                            | 1,093                           | 14                               | 345                                         | 3,198    |
| Total Envelopes, Forms and Labels          | 1,727                           | 637                                            | 1,124                           | (37 )                            | 711                                         | 4,162    |
| <b>Commercial Printing</b>                 |                                 |                                                |                                 |                                  |                                             |          |
| Other Restructuring Plans                  | 522                             | 24                                             | —                               | 6                                | 10                                          | 562      |
| 2009 Plan                                  | (158 )                          | 1,800                                          | 522                             | 899                              | 1,118                                       | 4,181    |
| 2007 Plan                                  | —                               | 77                                             | —                               | 26                               | 136                                         | 239      |
| 2005 Plan                                  | —                               | —                                              | —                               | 3                                | 6                                           | 9        |
| Total Commercial Printing                  | 364                             | 1,901                                          | 522                             | 934                              | 1,270                                       | 4,991    |
| <b>Corporate</b>                           |                                 |                                                |                                 |                                  |                                             |          |
| 2009 Plan                                  | —                               | —                                              | —                               | 12                               | 65                                          | 77       |
| 2007 Plan                                  | —                               | —                                              | —                               | 4                                | —                                           | 4        |
| 2005 Plan                                  | —                               | —                                              | —                               | 58                               | —                                           | 58       |
| Total Corporate                            | —                               | —                                              | —                               | 74                               | 65                                          | 139      |
| Total Restructuring and Impairment Charges | \$ 2,091                        | \$ 2,538                                       | \$ 1,646                        | \$ 971                           | \$ 2,046                                    | \$ 9,292 |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 11. Restructuring and Impairment Charges (Continued)

## 2010 Activity

Restructuring and impairment charges for the three months ended July 3, 2010 were as follows (in thousands):

|                                            | Employee<br>Separation<br>Costs | Asset<br>Impairments<br>net of gain<br>on sale | Equipment<br>Moving<br>Expenses | Lease<br>Termination<br>Expenses | Building<br>Clean-up &<br>Other<br>Expenses | Total    |
|--------------------------------------------|---------------------------------|------------------------------------------------|---------------------------------|----------------------------------|---------------------------------------------|----------|
| Envelopes, Forms and Labels                |                                 |                                                |                                 |                                  |                                             |          |
| 2009 Plan                                  | \$2,034                         | \$ (9 )                                        | \$41                            | \$ 107                           | \$51                                        | \$2,224  |
| 2007 Plan                                  | —                               | —                                              | —                               | (2 )                             | 15                                          | 13       |
| 2005 Plan                                  | —                               | —                                              | —                               | —                                | 9                                           | 9        |
| Acquisition Integration Plans              | 1,114                           | 298                                            | 382                             | 59                               | 209                                         | 2,062    |
| Total Envelopes, Forms and Labels          | 3,148                           | 289                                            | 423                             | 164                              | 284                                         | 4,308    |
| Commercial Printing                        |                                 |                                                |                                 |                                  |                                             |          |
| 2009 Plan                                  | 965                             | 1,061                                          | 460                             | 2,634                            | 1,179                                       | 6,299    |
| 2007 Plan                                  | —                               | —                                              | —                               | 223                              | 179                                         | 402      |
| 2005 Plan                                  | —                               | —                                              | —                               | —                                | 64                                          | 64       |
| Total Commercial Printing                  | 965                             | 1,061                                          | 460                             | 2,857                            | 1,422                                       | 6,765    |
| Corporate                                  |                                 |                                                |                                 |                                  |                                             |          |
| 2009 Plan                                  | 130                             | —                                              | —                               | —                                | 125                                         | 255      |
| 2005 Plan                                  | —                               | —                                              | —                               | 81                               | 67                                          | 148      |
| Total Corporate                            | 130                             | —                                              | —                               | 81                               | 192                                         | 403      |
| Total Restructuring and Impairment Charges | \$4,243                         | \$ 1,350                                       | \$883                           | \$ 3,102                         | \$1,898                                     | \$11,476 |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 11. Restructuring and Impairment Charges (Continued)

Restructuring and impairment charges for the six months ended July 3, 2010 were as follows (in thousands):

|                                            | Employee<br>Separation<br>Costs | Asset<br>Impairments<br>net of gain<br>on sale | Equipment<br>Moving<br>Expenses | Lease<br>Termination<br>Expenses | Multi-<br>employer<br>Pension<br>Withdrawal<br>Expenses | Building<br>Clean-up<br>&<br>Other<br>Expenses | Total     |
|--------------------------------------------|---------------------------------|------------------------------------------------|---------------------------------|----------------------------------|---------------------------------------------------------|------------------------------------------------|-----------|
| Envelopes, Forms and Labels                |                                 |                                                |                                 |                                  |                                                         |                                                |           |
| 2009 Plan                                  | \$ 2,886                        | \$ 71                                          | \$ 191                          | \$ 158                           | \$ 1,588                                                | \$ 306                                         | \$ 5,200  |
| 2007 Plan                                  | —                               | —                                              | —                               | 66                               | —                                                       | 29                                             | 95        |
| 2005 Plan                                  | —                               | —                                              | —                               | (73 )                            | —                                                       | 9                                              | (64 )     |
| Acquisition                                |                                 |                                                |                                 |                                  |                                                         |                                                |           |
| Integration Plans                          | 1,253                           | 298                                            | 634                             | 192                              | —                                                       | 286                                            | 2,663     |
| Total Envelopes, Forms and Labels          | 4,139                           | 369                                            | 825                             | 343                              | 1,588                                                   | 630                                            | 7,894     |
| Commercial Printing                        |                                 |                                                |                                 |                                  |                                                         |                                                |           |
| 2009 Plan                                  | 3,103                           | 1,454                                          | 981                             | 3,943                            | —                                                       | 2,462                                          | 11,943    |
| 2007 Plan                                  | —                               | 74                                             | —                               | 42                               | —                                                       | 287                                            | 403       |
| 2005 Plan                                  | —                               | (165 )                                         | —                               | (50 )                            | —                                                       | 177                                            | (38 )     |
| Total Commercial Printing                  | 3,103                           | 1,363                                          | 981                             | 3,935                            | —                                                       | 2,926                                          | 12,308    |
| Corporate                                  |                                 |                                                |                                 |                                  |                                                         |                                                |           |
| 2009 Plan                                  | 130                             | —                                              | —                               | 345                              | —                                                       | 226                                            | 701       |
| 2005 Plan                                  | —                               | —                                              | —                               | 133                              | —                                                       | 67                                             | 200       |
| Total Corporate                            | 130                             | —                                              | —                               | 478                              | —                                                       | 293                                            | 901       |
| Total Restructuring and Impairment Charges | \$ 7,372                        | \$ 1,732                                       | \$ 1,806                        | \$ 4,756                         | \$ 1,588                                                | \$ 3,849                                       | \$ 21,103 |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 11. Restructuring and Impairment Charges (Continued)

A summary of the activity related to the restructuring liabilities for all the cost savings, restructuring and integration initiatives were as follows (in thousands):

| Other Restructuring Plans     | Lease<br>Termination | Employee<br>Separation<br>Costs | Pension<br>Withdrawal<br>Liabilities | Building<br>Clean-up &<br>Other<br>Expenses | Total  |
|-------------------------------|----------------------|---------------------------------|--------------------------------------|---------------------------------------------|--------|
| Balance as of January 1, 2011 | \$—                  | \$—                             | \$—                                  | \$—                                         | \$—    |
| Accruals, net                 | 6                    | 752                             | —                                    | 10                                          | 768    |
| Payments                      | (6 )                 | (253 )                          | —                                    | (10 )                                       | (269 ) |
| Balance as of July 2, 2011    | \$—                  | \$499                           | \$—                                  | \$—                                         | \$499  |

| 2009 Plan                     | Lease<br>Termination | Employee<br>Separation<br>Costs | Pension<br>Withdrawal<br>Liabilities | Building<br>Clean-up &<br>Other<br>Expenses | Total     |
|-------------------------------|----------------------|---------------------------------|--------------------------------------|---------------------------------------------|-----------|
| Balance as of January 1, 2011 | \$ 4,397             | \$ 1,333                        | \$ 19,512                            | \$ —                                        | \$ 25,242 |
| Accruals, net                 | 848                  | 230                             | —                                    | 1,540                                       | 2,618     |
| Payments                      | (2,621 )             | (1,027 )                        | (492 )                               | (1,540 )                                    | (5,680 )  |
| Balance as of July 2, 2011    | \$ 2,624             | \$ 536                          | \$ 19,020                            | \$ —                                        | \$ 22,180 |

| 2007 Plan                     | Lease<br>Termination | Employee<br>Separation<br>Costs | Pension<br>Withdrawal<br>Liabilities | Building<br>Clean-up &<br>Other<br>Expenses | Total    |
|-------------------------------|----------------------|---------------------------------|--------------------------------------|---------------------------------------------|----------|
| Balance as of January 1, 2011 | \$ 1,113             | \$ —                            | \$ 3,230                             | \$ —                                        | \$ 4,343 |
| Accruals, net                 | 42                   | —                               | —                                    | 104                                         | 146      |
| Payments                      | (326 )               | —                               | (106 )                               | (104 )                                      | (536 )   |
| Balance as of July 2, 2011    | \$ 829               | \$ —                            | \$ 3,124                             | \$ —                                        | \$ 3,953 |

| 2005 Plan                     | Lease<br>Termination | Employee<br>Separation<br>Costs | Pension<br>Withdrawal<br>Liabilities | Building<br>Clean-up &<br>Other<br>Expenses | Total    |
|-------------------------------|----------------------|---------------------------------|--------------------------------------|---------------------------------------------|----------|
| Balance as of January 1, 2011 | \$ 959               | \$—                             | \$46                                 | \$—                                         | \$1,005  |
| Accruals, net                 | 61                   | —                               | —                                    | 47                                          | 108      |
| Payments                      | (1,020 )             | —                               | (29 )                                | (47 )                                       | (1,096 ) |
| Balance as of July 2, 2011    | \$—                  | \$—                             | \$17                                 | \$—                                         | \$17     |

| Acquisition Integration Plans | Lease<br>Termination | Employee<br>Separation<br>Costs | Pension<br>Withdrawal<br>Liabilities | Building<br>Clean-up &<br>Other<br>Expenses | Total |
|-------------------------------|----------------------|---------------------------------|--------------------------------------|---------------------------------------------|-------|
|-------------------------------|----------------------|---------------------------------|--------------------------------------|---------------------------------------------|-------|

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|                               |          |        |     |        |          |
|-------------------------------|----------|--------|-----|--------|----------|
| Balance as of January 1, 2011 | \$ 1,643 | \$ 227 | \$— | \$—    | \$1,870  |
| Accruals, net                 | 14       | 1,109  | —   | 345    | 1,468    |
| Payments                      | (265 )   | (611 ) | —   | (345 ) | (1,221 ) |
| Balance as of July 2, 2011    | \$ 1,392 | \$ 725 | \$— | \$—    | \$2,117  |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 12. Comprehensive Income (Loss)

A summary of comprehensive income (loss) is as follows (in thousands):

|                                                                                        | Three Months Ended |                 | Six Months Ended |                 |
|----------------------------------------------------------------------------------------|--------------------|-----------------|------------------|-----------------|
|                                                                                        | July 2,<br>2011    | July 3,<br>2010 | July 2,<br>2011  | July 3,<br>2010 |
| Net income (loss)                                                                      | \$ 374             | \$ (8,327 )     | \$ 3,158         | \$ (19,435 )    |
| Other comprehensive income (loss):                                                     |                    |                 |                  |                 |
| Unrealized gain on cash flow hedges, net of taxes                                      | —                  | 3,015           | —                | 4,904           |
| Reclassifications of losses related to interest rate swaps into earnings, net of taxes | 687                | 279             | 1,792            | 567             |
| Currency translation adjustment                                                        | 169                | (1,877 )        | 1,401            | (221 )          |
| Comprehensive income (loss)                                                            | \$ 1,230           | \$ (6,910 )     | \$ 6,351         | \$ (14,185 )    |

## 13. Income (Loss) per Share

Basic income (loss) per share is computed based upon the weighted average number of common shares outstanding for the period. Diluted income (loss) per share reflects the potential dilution that could occur if stock options, restricted stock and RSUs to issue common stock were exercised under the treasury stock method. For the three and six months ended July 2, 2011 and July 3, 2010, the effect of approximately 6,008,059 and 5,828,520, respectively, stock options outstanding and unvested restricted stock and RSUs, which would be calculated using the treasury stock method, were excluded from the calculation of diluted income (loss) per share, as the effect would be anti-dilutive.

The following table sets forth the computation of basic and diluted income (loss) per share for the periods ended (in thousands, except per share data):

|                                                             | Three Months Ended |                 | Six Months Ended |                 |
|-------------------------------------------------------------|--------------------|-----------------|------------------|-----------------|
|                                                             | July 2,<br>2011    | July 3,<br>2010 | July 2,<br>2011  | July 3,<br>2010 |
| Numerator for basic and diluted loss per share              |                    |                 |                  |                 |
| Income (loss) from continuing operations                    | \$ 374             | \$ (8,292 )     | \$ 3,158         | \$ (19,313 )    |
| Loss from discontinued operations, net of taxes             | —                  | (35 )           | —                | (122 )          |
| Net income (loss)                                           | \$ 374             | \$ (8,327 )     | \$ 3,158         | \$ (19,435 )    |
| Denominator for weighted average common shares outstanding: |                    |                 |                  |                 |
| Basic shares                                                | 62,862             | 62,216          | 62,802           | 62,166          |
| Dilutive effect of equity awards                            | 577                | —               | 422              | —               |
| Diluted shares                                              | 63,439             | 62,216          | 63,224           | 62,166          |

|                                              |        |         |          |           |
|----------------------------------------------|--------|---------|----------|-----------|
| Income (loss) per share – basic and diluted: |        |         |          |           |
| Continuing operations                        | \$0.01 | \$(0.13 | ) \$0.05 | \$(0.31 ) |
| Discontinued operations                      | —      | —       | —        | —         |
| Net income (loss)                            | \$0.01 | \$(0.13 | ) \$0.05 | \$(0.31 ) |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Segment Information

The Company is organized into two operating segments: the envelopes, forms and labels segment and the commercial printing segment. The envelopes, forms and labels segment specializes in the design, manufacturing and printing of: (i) direct mail and customized envelopes developed for the advertising, billing and remittance needs of a variety of customers, including financial services companies; (ii) custom labels and specialty forms sold through an extensive network of resale distributors for industries including food and beverage, manufacturing and pharmacy chains; and (iii) stock envelopes, labels and business forms generally sold to independent distributors, office-products suppliers and office-products retail chains. The commercial printing segment provides print, design and content management offerings, including: (i) high-end color printing of a wide range of premium products for multinational, national and regional customers; (ii) general commercial printing products for regional and local customers; (iii) scientific, technical and medical journals, special interest and trade periodicals for non-profit organizations, educational institutions and specialty publishers; and (iv) specialty packaging and high quality promotional materials for multinational, national and regional consumer products companies.

Operating income (loss) of each segment includes substantially all costs and expenses directly related to the segment's operations. Corporate expenses include corporate general and administrative expenses including stock-based compensation.

Corporate identifiable assets primarily consist of cash and cash equivalents, miscellaneous receivables, deferred financing fees, deferred tax assets and other assets.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 14. Segment Information (Continued)

The following tables present certain segment information (in thousands):

|                             | Three Months Ended |                 | Six Months Ended |                 |
|-----------------------------|--------------------|-----------------|------------------|-----------------|
|                             | July 2,<br>2011    | July 3,<br>2010 | July 2,<br>2011  | July 3,<br>2010 |
| Net sales:                  |                    |                 |                  |                 |
| Envelopes, forms and labels | \$ 297,006         | \$ 240,724      | \$ 576,880       | \$ 485,905      |
| Commercial printing         | 198,193            | 204,540         | 421,384          | 413,293         |
| Total                       | \$ 495,199         | \$ 445,264      | \$ 998,264       | \$ 899,198      |

|                             |           |           |           |           |
|-----------------------------|-----------|-----------|-----------|-----------|
| Operating income (loss):    |           |           |           |           |
| Envelopes, forms and labels | \$ 26,786 | \$ 23,608 | \$ 49,588 | \$ 45,022 |
| Commercial printing         | 14,211    | 3,780     | 25,082    | 3,587     |
| Corporate                   | (11,606 ) | (8,002 )  | (23,129 ) | (17,032 ) |
| Total                       | \$ 29,391 | \$ 19,386 | \$ 51,541 | \$ 31,577 |

|                                       |          |           |          |           |
|---------------------------------------|----------|-----------|----------|-----------|
| Restructuring and impairment charges: |          |           |          |           |
| Envelopes, forms and labels           | \$ 2,897 | \$ 4,308  | \$ 4,162 | \$ 7,894  |
| Commercial printing                   | 2,524    | 6,765     | 4,991    | 12,308    |
| Corporate                             | 44       | 403       | 139      | 901       |
| Total                                 | \$ 5,465 | \$ 11,476 | \$ 9,292 | \$ 21,103 |

|                            |            |            |            |            |
|----------------------------|------------|------------|------------|------------|
| Net sales by product line: |            |            |            |            |
| Envelopes                  | \$ 188,213 | \$ 126,900 | \$ 357,242 | \$ 257,654 |
| Commercial printing        | 138,414    | 138,046    | 301,199    | 283,519    |
| Journals and periodicals   | 59,646     | 66,313     | 119,779    | 129,410    |
| Labels and business forms  | 108,926    | 114,005    | 220,044    | 228,615    |
| Total                      | \$ 495,199 | \$ 445,264 | \$ 998,264 | \$ 899,198 |

|                                                    |          |          |          |          |
|----------------------------------------------------|----------|----------|----------|----------|
| Intercompany sales:                                |          |          |          |          |
| Envelopes, forms and labels to commercial printing | \$ 1,000 | \$ 1,063 | \$ 2,251 | \$ 2,345 |
| Commercial printing to envelopes, forms and labels | 1,801    | 1,111    | 2,956    | 1,895    |
| Total                                              | \$ 2,801 | \$ 2,174 | \$ 5,207 | \$ 4,240 |

|                             | July 2,<br>2011 | January 1,<br>2011 |
|-----------------------------|-----------------|--------------------|
| Identifiable assets:        |                 |                    |
| Envelopes, forms and labels | \$ 745,493      | \$ 665,079         |

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|                     |              |              |
|---------------------|--------------|--------------|
| Commercial printing | 599,562      | 627,982      |
| Corporate           | 65,736       | 104,669      |
| Total               | \$ 1,410,791 | \$ 1,397,730 |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Condensed Consolidating Financial Information

Cenveo, Inc. is a holding company (the “Parent Company”), which is the ultimate parent of all Cenveo subsidiaries. The Parent Company’s wholly owned subsidiary, Cenveo Corporation (the “Subsidiary Issuer”), issued the 7 % senior subordinated notes due 2013 and the 8 % senior second lien notes due 2018 and, in connection with the acquisition of Cadmus Communications Corporation (“Cadmus”) in 2007, assumed Cadmus’ 8 % senior subordinated notes due 2014 (collectively referred to as the “Subsidiary Issuer Notes”), which are fully and unconditionally guaranteed, on a joint and several basis, by the Parent Company and substantially all of its wholly-owned subsidiaries (the “Guarantor Subsidiaries”).

Presented below is condensed consolidating financial information for the Parent Company, the Subsidiary Issuer, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries as of July 2, 2011 and January 1, 2011 and for the three and six months ended July 2, 2011 and July 3, 2010. The condensed consolidating financial information has been presented to show the financial position, results of operations and cash flows of the Parent Company, the Subsidiary Issuer, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries, assuming the guarantee structure of the Subsidiary Issuer Notes was in effect at the beginning of the periods presented.

The supplemental condensed consolidating financial information reflects the investments of the Parent Company in the Subsidiary Issuer, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries using the equity method of accounting. The Company’s primary transactions with its subsidiaries other than the investment account and related equity in net income (loss) of unconsolidated subsidiaries are the intercompany payables and receivables between its subsidiaries.

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 15. Condensed Consolidating Financial Information (Continued)

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATING BALANCE SHEET  
July 2, 2011  
(in thousands)

|                                                       | Parent<br>Company | Subsidiary<br>Issuer | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations   | Consolidated |
|-------------------------------------------------------|-------------------|----------------------|---------------------------|-----------------------------------|----------------|--------------|
| <b>Assets</b>                                         |                   |                      |                           |                                   |                |              |
| <b>Current assets:</b>                                |                   |                      |                           |                                   |                |              |
| Cash and cash equivalents                             | \$—               | \$7,004              | \$ 445                    | \$ 4,187                          | \$—            | \$ 11,636    |
| Accounts receivable, net                              | —                 | 100,387              | 174,267                   | 9,004                             | —              | 283,658      |
| Inventories                                           | —                 | 75,868               | 98,005                    | 1,330                             | —              | 175,203      |
| Notes receivable from subsidiaries                    | —                 | 46,438               | —                         | —                                 | (46,438 )      | —            |
| Prepaid and other current assets                      | —                 | 52,352               | 9,624                     | 4,241                             | —              | 66,217       |
| Total current assets                                  | —                 | 282,049              | 282,341                   | 18,762                            | (46,438 )      | 536,714      |
| Investment in subsidiaries                            | (330,137 )        | 1,629,404            | 12,785                    | 6,725                             | (1,318,777 )   | —            |
| Property, plant and equipment, net                    | —                 | 104,099              | 252,716                   | 1,815                             | —              | 358,630      |
| Goodwill                                              | —                 | 29,244               | 172,738                   | 7,020                             | —              | 209,002      |
| Other intangible assets, net                          | —                 | 6,987                | 232,481                   | 2,914                             | —              | 242,382      |
| Other assets, net                                     | —                 | 103,747              | (42,007 )                 | 2,323                             | —              | 64,063       |
| Total assets                                          | \$(330,137 )      | \$2,155,530          | \$ 911,054                | \$ 39,559                         | \$(1,365,215 ) | \$ 1,410,791 |
| <b>Liabilities and Shareholders' (Deficit) Equity</b> |                   |                      |                           |                                   |                |              |
| <b>Current liabilities:</b>                           |                   |                      |                           |                                   |                |              |
| Current maturities of long-term debt                  | \$—               | \$7,958              | \$ 4,975                  | \$ —                              | \$—            | \$ 12,933    |
| Accounts payable                                      | —                 | 89,681               | 86,259                    | 1,391                             | —              | 177,331      |
| Accrued compensation and related liabilities          | —                 | 19,154               | 14,299                    | 292                               | —              | 33,745       |
| Other current liabilities                             | —                 | 61,569               | 25,248                    | 2,470                             | —              | 89,287       |
| Intercompany payable (receivable)                     | —                 | 907,099              | (913,495 )                | 6,396                             | —              | —            |
| Notes payable to issuer                               | —                 | —                    | 36,938                    | 9,500                             | (46,438 )      | —            |
| Total current liabilities                             | —                 | 1,085,461            | (745,776 )                | 20,049                            | (46,438 )      | 313,296      |
| Long-term debt                                        | —                 | 1,272,209            | 12,685                    | —                                 | —              | 1,284,894    |
| Other liabilities                                     | —                 | 127,997              | 14,741                    | —                                 | —              | 142,738      |

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|                                |              |             |            |           |                |              |
|--------------------------------|--------------|-------------|------------|-----------|----------------|--------------|
| Shareholders' (deficit) equity | (330,137 )   | (330,137 )  | 1,629,404  | 19,510    | (1,318,777 )   | (330,137 )   |
| Total liabilities and          |              |             |            |           |                |              |
| shareholders' (deficit) equity | \$(330,137 ) | \$2,155,530 | \$ 911,054 | \$ 39,559 | \$(1,365,215 ) | \$ 1,410,791 |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 15. Condensed Consolidating Financial Information (Continued)

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS  
For the three months ended July 2, 2011  
(in thousands)

|                                                                                                                                     | Parent<br>Company | Subsidiary<br>Issuer | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Consolidated |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|---------------------------|-----------------------------------|--------------|--------------|
| Net sales                                                                                                                           | \$—               | \$176,036            | \$ 314,105                | \$ 5,058                          | \$ —         | \$ 495,199   |
| Cost of sales                                                                                                                       | —                 | 144,736              | 253,722                   | 4,452                             | —            | 402,910      |
| Selling, general and<br>administrative expenses                                                                                     | —                 | 28,799               | 25,545                    | 278                               | —            | 54,622       |
| Amortization of intangible<br>assets                                                                                                | —                 | 101                  | 2,576                     | 134                               | —            | 2,811        |
| Restructuring and impairment<br>charges                                                                                             | —                 | 2,529                | 2,932                     | 4                                 | —            | 5,465        |
| Operating income (loss)                                                                                                             | —                 | (129 )               | 29,330                    | 190                               | —            | 29,391       |
| Gain on bargain purchase                                                                                                            | —                 | (540 )               | —                         | —                                 | —            | (540 )       |
| Interest expense (income), net                                                                                                      | —                 | 29,220               | 200                       | (8 )                              | —            | 29,412       |
| Intercompany interest expense<br>(income)                                                                                           | —                 | (316 )               | 242                       | 74                                | —            | —            |
| Other (income) expense, net                                                                                                         | —                 | (69 )                | 256                       | (38 )                             | —            | 149          |
| Income (loss) from<br>continuing operations before<br>income taxes and equity in<br>income (loss) of<br>unconsolidated subsidiaries | —                 | (28,424 )            | 28,632                    | 162                               | —            | 370          |
| Income tax expense (benefit)                                                                                                        | —                 | (1,195 )             | 1,126                     | 65                                | —            | (4 )         |
| Income (loss) from<br>continuing operations before<br>equity in income (loss) of<br>unconsolidated subsidiaries                     | —                 | (27,229 )            | 27,506                    | 97                                | —            | 374          |
| Equity in income (loss) of<br>unconsolidated subsidiaries                                                                           | 374               | 27,603               | 97                        | —                                 | (28,074 )    | —            |
| Net income (loss)                                                                                                                   | \$374             | \$374                | \$ 27,603                 | \$ 97                             | \$ (28,074 ) | \$ 374       |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Condensed Consolidating Financial Information (Continued)

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS  
For the six months ended July 2, 2011  
(in thousands)

|                                                                                                                                     | Parent<br>Company | Subsidiary<br>Issuer | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Consolidated |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|---------------------------|-----------------------------------|--------------|--------------|
| Net sales                                                                                                                           | \$—               | \$359,219            | \$ 627,372                | \$ 11,673                         | \$ —         | \$ 998,264   |
| Cost of sales                                                                                                                       | —                 | 298,794              | 509,012                   | 8,925                             | —            | 816,731      |
| Selling, general and<br>administrative expenses                                                                                     | —                 | 61,709               | 52,845                    | 560                               | —            | 115,114      |
| Amortization of intangible<br>assets                                                                                                | —                 | 201                  | 5,117                     | 268                               | —            | 5,586        |
| Restructuring and impairment<br>charges                                                                                             | —                 | 4,876                | 4,412                     | 4                                 | —            | 9,292        |
| Operating income (loss)                                                                                                             | —                 | (6,361 )             | 55,986                    | 1,916                             | —            | 51,541       |
| Gain on bargain purchase                                                                                                            | —                 | (11,079 )            | —                         | —                                 | —            | (11,079 )    |
| Interest expense (income), net                                                                                                      | —                 | 59,232               | 428                       | (31 )                             | —            | 59,629       |
| Intercompany interest expense<br>(income)                                                                                           | —                 | (627 )               | 498                       | 129                               | —            | —            |
| Other (income) expense, net                                                                                                         | —                 | (423 )               | 754                       | 7                                 | —            | 338          |
| Income (loss) from continuing<br>operations before income<br>taxes and equity in income<br>(loss) of unconsolidated<br>subsidiaries | —                 | (53,464 )            | 54,306                    | 1,811                             | —            | 2,653        |
| Income tax expense (benefit)                                                                                                        | —                 | 1,536                | (2,355 )                  | 314                               | —            | (505 )       |
| Income (loss) from continuing<br>operations before equity in<br>income (loss) of<br>unconsolidated subsidiaries                     | —                 | (55,000 )            | 56,661                    | 1,497                             | —            | 3,158        |
| Equity in income (loss) of<br>unconsolidated subsidiaries                                                                           | 3,158             | 58,158               | 1,497                     | —                                 | (62,813 )    | —            |
| Net income (loss)                                                                                                                   | \$3,158           | \$3,158              | \$ 58,158                 | \$ 1,497                          | \$ (62,813 ) | \$ 3,158     |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Condensed Consolidating Financial Information (Continued)

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS  
For the six months ended July 2, 2011  
(in thousands)

|                                                           | Parent<br>Company | Subsidiary<br>Issuer | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Consolidated |
|-----------------------------------------------------------|-------------------|----------------------|---------------------------|-----------------------------------|--------------|--------------|
| Cash flows from operating activities:                     |                   |                      |                           |                                   |              |              |
| Net cash (used in) provided by operating activities       | \$ 5,018          | \$ (62,822 )         | \$ 71,000                 | \$ (1,347 )                       | \$ —         | \$ 11,849    |
| Cash flows from investing activities:                     |                   |                      |                           |                                   |              |              |
| Cost of business acquisitions, net of cash acquired       | —                 | (54,784 )            | —                         | —                                 | —            | (54,784 )    |
| Capital expenditures                                      | —                 | (5,283 )             | (2,726 )                  | (538 )                            | —            | (8,547 )     |
| Proceeds from sale of property, plant and equipment       | —                 | 1,163                | 9,701                     | —                                 | —            | 10,864       |
| Net cash (used in) provided by investing activities       | —                 | (58,904 )            | 6,975                     | (538 )                            | —            | (52,467 )    |
| Cash flows from financing activities:                     |                   |                      |                           |                                   |              |              |
| Borrowings under revolving credit facility due 2014       | —                 | 8,200                | —                         | —                                 | —            | 8,200        |
| Proceeds from exercise of stock options                   | 318               | —                    | —                         | —                                 | —            | 318          |
| Borrowings (repayments) of other long-term debt           | —                 | 75                   | (3,631 )                  | —                                 | —            | (3,556 )     |
| Repayment of term loan B due 2016                         | —                 | (1,900 )             | —                         | —                                 | —            | (1,900 )     |
| Purchase and retirement of common stock upon vesting RSUs | (496 )            | —                    | —                         | —                                 | —            | (496 )       |
| Intercompany advances                                     | (4,840 )          | 75,473               | (74,875 )                 | 4,242                             | —            | —            |
| Net cash (used in) provided by financing activities       | (5,018 )          | 81,848               | (78,506 )                 | 4,242                             | —            | 2,566        |

|                                                              |      |           |        |          |      |           |
|--------------------------------------------------------------|------|-----------|--------|----------|------|-----------|
| Effect of exchange rate changes on cash and cash equivalents | —    | —         | (34 )  | (34 )    | —    | (68 )     |
| Net increase (decrease) in cash and cash equivalents         | —    | (39,878 ) | (565 ) | 2,323    | —    | (38,120 ) |
| Cash and cash equivalents at beginning of period             | —    | 46,882    | 1,010  | 1,864    | —    | 49,756    |
| Cash and cash equivalents at end of period                   | \$ — | \$ 7,004  | \$ 445 | \$ 4,187 | \$ — | \$ 11,636 |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 15. Condensed Consolidating Financial Information (Continued)

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATING BALANCE SHEET  
January 1, 2011  
(in thousands)

|                                                       | Parent<br>Company | Subsidiary<br>Issuer | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations   | Consolidated |
|-------------------------------------------------------|-------------------|----------------------|---------------------------|-----------------------------------|----------------|--------------|
| <b>Assets</b>                                         |                   |                      |                           |                                   |                |              |
| <b>Current assets:</b>                                |                   |                      |                           |                                   |                |              |
| Cash and cash equivalents                             | \$—               | \$46,882             | \$ 1,010                  | \$ 1,864                          | \$—            | \$ 49,756    |
| Accounts receivable, net                              | —                 | 104,071              | 154,340                   | 4,953                             | —              | 263,364      |
| Inventories                                           | —                 | 68,080               | 79,676                    | 1,395                             | —              | 149,151      |
| Notes receivable from subsidiaries                    | —                 | 46,438               | —                         | —                                 | (46,438 )      | —            |
| Prepaid and other current assets                      | —                 | 52,088               | 9,580                     | 4,467                             | —              | 66,135       |
| Total current assets                                  | —                 | 317,559              | 244,606                   | 12,679                            | (46,438 )      | 528,406      |
| Investment in subsidiaries                            | (341,331 )        | 1,514,329            | 11,239                    | 6,725                             | (1,190,962 )   | —            |
| Property, plant and equipment, net                    | —                 | 109,945              | 236,696                   | 1,280                             | —              | 347,921      |
| Goodwill                                              | —                 | 29,244               | 172,897                   | 7,020                             | —              | 209,161      |
| Other intangible assets, net                          | —                 | 7,188                | 236,054                   | 3,182                             | —              | 246,424      |
| Other assets, net                                     | —                 | 104,781              | (41,146 )                 | 2,183                             | —              | 65,818       |
| Total assets                                          | \$(341,331 )      | \$2,083,046          | \$ 860,346                | \$ 33,069                         | \$(1,237,400 ) | \$ 1,397,730 |
| <b>Liabilities and Shareholders' (Deficit) Equity</b> |                   |                      |                           |                                   |                |              |
| <b>Current liabilities:</b>                           |                   |                      |                           |                                   |                |              |
| Current maturities of long-term debt                  | \$—               | \$3,896              | \$ 6,202                  | \$ —                              | \$—            | \$ 10,098    |
| Accounts payable                                      | —                 | 82,974               | 82,713                    | 781                               | —              | 166,468      |
| Accrued compensation and related liabilities          | —                 | 17,385               | 12,915                    | 372                               | —              | 30,672       |
| Other current liabilities                             | —                 | 71,158               | 25,015                    | 2,298                             | —              | 98,471       |
| Intercompany payable (receivable)                     | —                 | 846,814              | (848,968 )                | 2,154                             | —              | —            |
| Notes payable to issuer                               | —                 | —                    | 36,938                    | 9,500                             | (46,438 )      | —            |
| Total current liabilities                             | —                 | 1,022,227            | (685,185 )                | 15,105                            | (46,438 )      | 305,709      |
| Long-term debt                                        | —                 | 1,268,816            | 15,089                    | —                                 | —              | 1,283,905    |
| Other liabilities                                     | —                 | 133,334              | 16,113                    | —                                 | —              | 149,447      |

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|                                |              |             |            |           |                |              |
|--------------------------------|--------------|-------------|------------|-----------|----------------|--------------|
| Shareholders' (deficit) equity | (341,331 )   | (341,331 )  | 1,514,329  | 17,964    | (1,190,962 )   | (341,331 )   |
| Total liabilities and          |              |             |            |           |                |              |
| shareholders' (deficit) equity | \$(341,331 ) | \$2,083,046 | \$ 860,346 | \$ 33,069 | \$(1,237,400 ) | \$ 1,397,730 |

## CENVEO, INC. AND SUBSIDIARIES

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 15. Condensed Consolidating Financial Information (Continued)

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS  
For the three months ended July 3, 2010  
(in thousands)

|                                                                                                                                        | Parent<br>Company | Subsidiary<br>Issuer | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Consolidated |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|---------------------------|-----------------------------------|--------------|--------------|
| Net sales                                                                                                                              | \$ —              | \$ 170,419           | \$ 268,563                | \$ 6,282                          | \$ —         | \$ 445,264   |
| Cost of sales                                                                                                                          | —                 | 139,793              | 215,895                   | 4,329                             | —            | 360,017      |
| Selling, general and<br>administrative expenses                                                                                        | —                 | 26,415               | 24,868                    | 201                               | —            | 51,484       |
| Amortization of<br>intangible assets                                                                                                   | —                 | 101                  | 2,800                     | —                                 | —            | 2,901        |
| Restructuring and<br>impairment charges                                                                                                | —                 | 6,266                | 5,210                     | —                                 | —            | 11,476       |
| Operating income (loss)                                                                                                                | —                 | (2,156 )             | 19,790                    | 1,752                             | —            | 19,386       |
| Interest expense<br>(income), net                                                                                                      | —                 | 31,219               | 278                       | (5 )                              | —            | 31,492       |
| Intercompany interest<br>expense (income)                                                                                              | —                 | (254 )               | 254                       | —                                 | —            | —            |
| Other (income) expense,<br>net                                                                                                         | —                 | 186                  | 206                       | (87 )                             | —            | 305          |
| Income (loss) from<br>continuing operations<br>before income taxes and<br>equity in income (loss) of<br>unconsolidated<br>subsidiaries | —                 | (33,307 )            | 19,052                    | 1,844                             | —            | (12,411 )    |
| Income tax expense<br>(benefit)                                                                                                        | —                 | (5,559 )             | 1,364                     | 76                                | —            | (4,119 )     |
| Income (loss) from<br>continuing operations<br>before equity in income<br>(loss) of unconsolidated<br>subsidiaries                     | —                 | (27,748 )            | 17,688                    | 1,768                             | —            | (8,292 )     |
| Equity in income (loss)<br>of unconsolidated<br>subsidiaries                                                                           | (8,327 )          | 19,456               | 1,768                     | —                                 | (12,897 )    | —            |
| Income (loss) from<br>continuing operations                                                                                            | (8,327 )          | (8,292 )             | 19,456                    | 1,768                             | (12,897 )    | (8,292 )     |

|                                                 |             |             |           |          |              |             |
|-------------------------------------------------|-------------|-------------|-----------|----------|--------------|-------------|
| Loss from discontinued operations, net of taxes | —           | (35 )       | —         | —        | —            | (35 )       |
| Net income (loss)                               | \$ (8,327 ) | \$ (8,327 ) | \$ 19,456 | \$ 1,768 | \$ (12,897 ) | \$ (8,327 ) |

CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Condensed Consolidating Financial Information (Continued)

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS  
For the six months ended July 3, 2010  
(in thousands)

|                                                                                                                                     | Parent<br>Company | Subsidiary<br>Issuer | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Consolidated |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|---------------------------|-----------------------------------|--------------|--------------|
| Net sales                                                                                                                           | \$—               | \$350,272            | \$ 537,805                | \$ 11,121                         | \$ —         | \$ 899,198   |
| Cost of sales                                                                                                                       | —                 | 294,111              | 433,533                   | 7,563                             | —            | 735,207      |
| Selling, general and<br>administrative expenses                                                                                     | —                 | 54,586               | 50,615                    | 325                               | —            | 105,526      |
| Amortization of intangible<br>assets                                                                                                | —                 | 204                  | 5,581                     | —                                 | —            | 5,785        |
| Restructuring and impairment<br>charges                                                                                             | —                 | 10,109               | 10,994                    | —                                 | —            | 21,103       |
| Operating income (loss)                                                                                                             | —                 | (8,738 )             | 37,082                    | 3,233                             | —            | 31,577       |
| Interest expense (income), net                                                                                                      | —                 | 60,479               | 634                       | (7 )                              | —            | 61,106       |
| Intercompany interest expense<br>(income)                                                                                           | —                 | (495 )               | 495                       | —                                 | —            | —            |
| Loss on early extinguishment<br>of debt                                                                                             | —                 | 2,598                | —                         | —                                 | —            | 2,598        |
| Other (income) expense, net                                                                                                         | —                 | 302                  | 659                       | 71                                | —            | 1,032        |
| Income (loss) from continuing<br>operations before income<br>taxes and equity in income<br>(loss) of unconsolidated<br>subsidiaries | —                 | (71,622 )            | 35,294                    | 3,169                             | —            | (33,159 )    |
| Income tax expense (benefit)                                                                                                        | —                 | (18,229 )            | 4,312                     | 71                                | —            | (13,846 )    |
| Income (loss) from<br>continuing operations before<br>equity in income (loss) of<br>unconsolidated subsidiaries                     | —                 | (53,393 )            | 30,982                    | 3,098                             | —            | (19,313 )    |
| Equity in income (loss) of<br>unconsolidated subsidiaries                                                                           | (19,435 )         | 34,080               | 3,098                     | —                                 | (17,743 )    | —            |
| Income (loss) from<br>continuing operations                                                                                         | (19,435 )         | (19,313 )            | 34,080                    | 3,098                             | (17,743 )    | (19,313 )    |
| Loss from discontinued<br>operations, net of taxes                                                                                  | —                 | (122 )               | —                         | —                                 | —            | (122 )       |
| Net income (loss)                                                                                                                   | \$(19,435 )       | \$(19,435 )          | \$ 34,080                 | \$ 3,098                          | \$ (17,743 ) | \$ (19,435 ) |



CENVEO, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 15. Condensed Consolidating Financial Information (Continued)

CENVEO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS  
For the six months ended July 3, 2010  
(in thousands)

|                                                                             | Parent<br>Company | Subsidiary<br>Issuer | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Consolidated |
|-----------------------------------------------------------------------------|-------------------|----------------------|---------------------------|-----------------------------------|--------------|--------------|
| Cash flows from operating activities:                                       |                   |                      |                           |                                   |              |              |
| Net cash provided by (used in) operating activities                         | \$ 5,625          | \$ (39,182 )         | \$ 57,441                 | \$ 5,711                          | \$ —         | \$ 29,595    |
| Cash flows from investing activities:                                       |                   |                      |                           |                                   |              |              |
| Cost of business acquisitions, net of cash acquired                         | —                 | (10,283 )            | —                         | (11,200 )                         | —            | (21,483 )    |
| Capital expenditures                                                        | —                 | (3,081 )             | (5,155 )                  | —                                 | —            | (8,236 )     |
| Intercompany note                                                           | —                 | (9,500 )             | —                         | —                                 | 9,500        | —            |
| Proceeds from sale of property, plant and equipment                         | —                 | 1,025                | 451                       | —                                 | —            | 1,476        |
| Net cash (used in) provided by investing activities                         | —                 | (21,839 )            | (4,704 )                  | (11,200 )                         | 9,500        | (28,243 )    |
| Cash flows from financing activities:                                       |                   |                      |                           |                                   |              |              |
| Proceeds from issuance of 8 % senior second lien notes                      | —                 | 397,204              | —                         | —                                 | —            | 397,204      |
| Proceeds from exercise of stock options                                     | 1,281             | —                    | —                         | —                                 | —            | 1,281        |
| Repayment of term loans                                                     | —                 | (311,944 )           | —                         | —                                 | —            | (311,944 )   |
| Repayments under revolving credit facility due 2012                         | —                 | (22,500 )            | —                         | —                                 | —            | (22,500 )    |
| Payment of refinancing or repurchase fees, redemption premiums and expenses | —                 | (13,009 )            | —                         | —                                 | —            | (13,009 )    |
| Repayments of other long-term debt                                          | —                 | (43 )                | (4,021 )                  | —                                 | —            | (4,064 )     |

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|                                                                    |          |           |           |          |          |           |
|--------------------------------------------------------------------|----------|-----------|-----------|----------|----------|-----------|
| Intercompany note                                                  | —        | —         | —         | 9,500    | (9,500 ) | —         |
| Intercompany advances                                              | (6,906 ) | 54,402    | (47,284 ) | (212 )   | —        | —         |
| Net cash (used in)<br>provided by financing<br>activities          | (5,625 ) | 104,110   | (51,305 ) | 9,288    | (9,500 ) | 46,968    |
| Effect of exchange rate<br>changes on cash and cash<br>equivalents | —        | —         | (135 )    | 952      | —        | 817       |
| Net increase in cash and<br>cash equivalents                       | —        | 43,089    | 1,297     | 4,751    | —        | 49,137    |
| Cash and cash equivalents<br>at beginning of period                | —        | 8,971     | 764       | 1,061    | —        | 10,796    |
| Cash and cash equivalents<br>at end of period                      | \$ —     | \$ 52,060 | \$ 2,061  | \$ 5,812 | \$ —     | \$ 59,933 |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations, which we refer to as MD&A, of Cenveo, Inc. and its subsidiaries, which we refer to as Cenveo, should be read in conjunction with the accompanying condensed consolidated financial statements and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended January 1, 2011, which we refer to as our 2010 Form 10-K. Item 7 of our 2010 Form 10-K describes the application of our critical accounting policies, for which there have been no significant changes as of July 2, 2011.

### Forward-Looking Statements

Certain statements in this report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of terminology such as "may," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "believe" or "continue" expressions, or as other statements that do not relate solely to historical facts. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that could cause actual results to differ materially from what is expressed or forecasted in these forward-looking statements. In view of such uncertainties, investors should not place undue reliance on our forward-looking statements. Such statements speak only as of the date they were made, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause actual results to differ materially from management's expectations include, without limitation: (i) recent United States and global economic conditions have adversely affected us and could continue to do so; (ii) our substantial level of indebtedness could impair our financial condition and prevent us from fulfilling our business obligations; (iii) our ability to service or refinance our debt; (iv) the terms of our indebtedness imposing significant restrictions on our operating and financial flexibility; (v) additional borrowings are available to us that could further exacerbate our risk exposure from debt; (vi) our ability to successfully integrate acquired businesses into our business; (vii) a decline in our consolidated profitability or profitability within one of our individual reporting units could result in the impairment of our assets; (viii) intense competition and fragmentation in our industry; (ix) the general absence of long-term customer agreements in our industry, subjecting our business to quarterly and cyclical fluctuations; (x) factors affecting the United States postal services impacting demand for our products; (xi) the availability of the internet and other electronic media affecting demand for our products; (xii) increases in raw material costs and decreases in their availability; (xiii) our labor relations; (xiv) our compliance with environmental laws; (xv) our dependence on key management personnel; (xvi) our dependence upon information technology systems; and (xvii) our international operations and the risks associated with operating outside of the United States. This list of factors is not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that would impact our business. Additional information regarding these and other factors can be found elsewhere in this report and in our other filings with the Securities and Exchange Commission, which we refer to as the SEC.

### Business Overview

We are one of the largest diversified printing companies in North America, according to the December 2010 Printing Impressions 400 report. Our broad portfolio of products includes envelopes converting, forms and labels manufacturing, commercial printing, specialty packaging and publisher offerings. We operate a global network of over 75 printing, manufacturing and distribution facilities, which we refer to as manufacturing facilities, serving a diverse base of over 100,000 customers. Since 2005, when current senior management joined the Company, we have significantly improved profitability by consolidating and closing plants, centralizing and leveraging our purchasing spend, seeking operational efficiencies, and reducing corporate and field staff. In addition, we have made investments

in our businesses through acquisitions of highly complementary companies and capital expenditures, while also divesting non-strategic businesses.

We operate our business in two complementary reportable segments: envelopes, forms and labels and commercial printing.

**Envelopes, Forms and Labels.** We are one of the largest North American envelope manufacturers, a leading forms and labels provider and the largest North American prescription labels manufacturer for retail pharmacy chains. In February 2011, we added to our envelopes, forms and labels business with the acquisition of MeadWestvaco Corporation's Envelope Product Group, which we refer to as EPG. Our envelopes, forms and labels segment represents approximately 60% and 58% of our net sales for the three and six months ended July 2, 2011, respectively, and primarily specializes in the design, manufacturing and printing of:

- Direct mail and customized envelopes developed for advertising, billing and remittance;
  - Custom labels and specialty forms; and
  - Stock envelopes, labels and business forms.

Our envelopes, forms and labels segment serves customers ranging from Fortune 50 companies to middle market and small companies serving niche markets. We offer direct mail products used for customer solicitations and custom envelopes used for billing and remittance by end users including banks, brokerage firms and insurance and credit card companies. We print a diverse line of custom labels and specialty forms for a broad range of industries including manufacturing, warehousing, packaging, food and beverage, and health and beauty, which we sell through extensive networks within the resale channels. We also produce pressure-sensitive prescription labels for the retail pharmacy chain market. We supply a diverse line of custom products for our small and mid-size business forms and labels customers, including both traditional and specialty forms and labels for use with desktop PCs and laser printers. We also provide direct mail and overnight packaging labels, food and beverage labels, and shelf and scale labels for national and regional customer accounts. Our printed office products include business and specialty documents and short-run secondary labels, which are used for mailing, messaging, bar coding and other applications by large through smaller-sized customers across a wide spectrum of industries. We produce a broad line of stock envelopes, labels and traditional business forms that are sold through independent distributors, contract stationers, national catalogs for the office products market, office products superstores and quick printers.

**Commercial Printing.** We are one of the leading commercial printing companies in North America and one of the largest providers of end-to-end, content management solutions to scientific, technical and medical journals, which we refer to as STM journals. In 2010, we added to our commercial printing business with the acquisitions of Impaxx, Inc., the sole owner of CMS Gilbreth Packaging Solutions, Inc., which we refer to as Gilbreth, Glyph International and its subsidiaries, which we refer to as Glyph, and Clix Direct Marketing Services Inc., which we refer to as Clix, and collectively with Gilbreth and Glyph we refer to as the 2010 Acquisitions. Our commercial printing segment represents approximately 40% and 42% of our net sales for the three and six months ended July 2, 2011, respectively, and provides one-stop print, design, content management, fulfillment and distribution offerings, including:

- High-end color printing of a wide range of premium products for multinational, national and regional customers;
  - General commercial printing products for regional and local customers;
- STM journals, special interest and trade periodicals for not-for-profit organizations, educational institutions and specialty publishers; and
- Specialty packaging and high quality promotional materials for multinational, national and regional consumer products companies.

Our commercial printing segment primarily caters to the consumer products, travel and leisure, pharmaceutical, financial services, publishing, and telecommunications industries, with customers ranging from Fortune 50 companies to middle market and small companies operating in niche markets. We provide a wide array of commercial print offerings to our customers including electronic prepress, digital asset archiving, direct-to-plate technology,

high-quality color printing on web and sheet-fed presses and digital printing. The broad selection of commercial printing products we produce also includes specialty packaging, full body shrink sleeves, journals and specialized periodicals, annual reports, car brochures, direct mail products, advertising literature, corporate identity materials, financial printing, books, directories, calendars, brand marketing materials, catalogs, and maps. In our journal and specialty magazine business, we offer complete solutions, including editing, content processing, content management, electronic peer review, production, distribution and reprint marketing. Our primary customers for our specialty packaging and promotional products are pharmaceutical, apparel, tobacco, nutraceutical and other large multinational consumer product companies.

## Consolidated Operating Results

Management's Discussion and Analysis of Financial Condition and Results of Operations includes an overview of our condensed consolidated results of operations for the three and six month periods ended July 2, 2011 and July 3, 2010 followed by a discussion of the results of operations of each of our reportable segments for the same period. Our results for the three and six month periods ended July 3, 2010 do not include the operating results of EPG and Gilbreth. Our results for the three month period ended July 3, 2010 included Glyph for less than a full quarter. Our results for the six month period ended July 3, 2010 included Clix and Glyph for less than a full six month period.

We believe that the mild recovery we experienced in 2010 from the economic downturn will continue in 2011. We believe our efforts to reduce our operating cost structure, which we implemented at the beginning of the economic downturn, allowed us to mitigate significant impacts to our operating performance and to our business over the past two years. The overall printing industry is highly fragmented which creates overcapacity and price sensitivity in many of our segments. The uncertainty that remains with the current United States and global economic conditions most likely will continue to affect our results of operations and financial position. These uncertainties about future economic conditions in a challenging operating environment make it difficult for us to forecast our future operating results. Therefore, we continue to pursue additional cost savings opportunities in an effort to mitigate any further potential impact on our operations from the remaining uncertainty surrounding the current economic conditions.

In the first six months of 2011, we continued to see mild recoveries within most of our product offerings. We continue to see improvements in our direct mail envelope unit volumes as our customers, primarily financial institutions, have increased their demand for customer solicitations. Several of our raw material costs increased throughout 2010 and in the first six months of 2011 and we believe they will continue to increase throughout our 2011 fiscal year. We are working closely with our vendor and customer base to ensure these material cost increases are delayed or passed on within reasonable periods of time, if possible. We believe we have to continue to monitor these price changes as we work to maintain our anticipated operating margins. Lastly, we believe that increased sales from both unit volumes and product mix changes along with cost savings actions taken to rationalize our manufacturing platform should provide increased operating margins throughout the remainder of our 2011 fiscal year.

In the first quarter of 2011, we completed the acquisition of EPG and began implementing our preliminary integration plan. We believe this acquisition will increase our net sales and provide meaningful operating margins as we integrate EPG into our existing envelope operations. We expect that this acquisition will allow us to gain incremental manufacturing efficiencies from the manufacturing equipment we acquired with the acquisition. During the first six months of 2011, we completed the closure and consolidation of two EPG plants into our existing operations, reduced headcount for duplicative functions and also announced the closure and consolidation of another EPG plant into our existing operations. Further, we believe the integration of EPG will continue to occur for at least the next twelve months and may include additional plant closures and consolidations as well as additional headcount reductions for duplicative functions. With an overlapping manufacturing footprint in multiple geographic areas, we believe that we should also be able to generate additional cash proceeds from the sale of real estate associated with EPG operating locations if we elect to close the EPG facility within that specific geographic area. As an example, during the six months ended July 2, 2011, we generated \$4.7 million from the sale of an EPG facility that was closed and consolidated into our existing envelope operations. As a result of these actions combined with other realignments within our other businesses, which include centralization of customer service and various back office functions along with certain manufacturing platform realignments, we have reduced our headcount by approximately 400 employees and consolidated two smaller commercial printing plants into our existing operations.

One of the key initiatives in our business strategy has been and continues to be a focus on pursuing strategic acquisitions. Through our execution of this strategy over the past five years, we have made investments in our businesses through twelve acquisitions of companies that were either highly complementary to our existing operations or provided entry into new niche print related markets, while also divesting non-strategic businesses. We believe that

our continued focus on niche print related markets, our willingness to invest in our base envelope and commercial printing businesses as well as our decisions to exit underperforming or non-strategic businesses will continue to be a focus of ours for the foreseeable future. We also believe that we can deleverage our balance sheet through investments in strategic acquisitions or through divesting underperforming or non-strategic businesses. As an example of these strategies, we recently acquired a small content management business that focuses on high end book content development and project management offerings and we are currently pursuing strategic alternatives for certain underperforming non-strategic businesses currently within our manufacturing platform.

A summary of our condensed consolidated statements of operations is presented below. The summary presents reported net sales and operating income (loss). See Segment Operations below for a summary of net sales and operating income (loss) of our reportable segments that we use internally to assess our operating performance. Our fiscal quarters end on the Saturday closest to the last day of the calendar month. Our reporting periods for the three and six month periods ended July 2, 2011 and July 3, 2010 each consisted of 13 weeks and 26 weeks, respectively.

|                                                              | Three Months Ended                          |                 | Six Months Ended                            |                 |
|--------------------------------------------------------------|---------------------------------------------|-----------------|---------------------------------------------|-----------------|
|                                                              | July 2,<br>2011                             | July 3,<br>2010 | July 2,<br>2011                             | July 3,<br>2010 |
|                                                              | (in thousands, except<br>per share amounts) |                 | (in thousands, except<br>per share amounts) |                 |
| Net sales                                                    | \$495,199                                   | \$ 445,264      | \$998,264                                   | \$ 899,198      |
| Operating income (loss):                                     |                                             |                 |                                             |                 |
| Envelopes, forms and labels                                  | 26,786                                      | 23,608          | 49,588                                      | 45,022          |
| Commercial printing                                          | 14,211                                      | 3,780           | 25,082                                      | 3,587           |
| Corporate                                                    | (11,606 )                                   | (8,002 )        | (23,129 )                                   | (17,032 )       |
| Total operating income (loss)                                | 29,391                                      | 19,386          | 51,541                                      | 31,577          |
| Gain on bargain purchase.                                    | (540 )                                      | —               | (11,079 )                                   | —               |
| Interest expense, net                                        | 29,412                                      | 31,492          | 59,629                                      | 61,106          |
| Loss on early extinguishment of debt                         | —                                           | —               | —                                           | 2,598           |
| Other expense, net                                           | 149                                         | 305             | 338                                         | 1,032           |
| Income (loss) from continuing operations before income taxes | 370                                         | (12,411 )       | 2,653                                       | (33,159 )       |
| Income tax benefit                                           | (4 )                                        | (4,119 )        | (505 )                                      | (13,846 )       |
| Income (loss) from continuing operations                     | 374                                         | (8,292 )        | 3,158                                       | (19,313 )       |
| Loss from discontinued operations, net of taxes              | —                                           | (35 )           | —                                           | (122 )          |
| Net income (loss)                                            | \$374                                       | \$ (8,327 )     | \$3,158                                     | \$ (19,435 )    |
| Income (loss) per share—basic and diluted:                   |                                             |                 |                                             |                 |
| Continuing operations                                        | \$0.01                                      | \$ (0.13 )      | \$0.05                                      | \$ (0.31 )      |
| Discontinued operations                                      | —                                           | —               | —                                           | —               |
| Net income (loss)                                            | \$0.01                                      | \$ (0.13 )      | \$0.05                                      | \$ (0.31 )      |

## Net Sales

Net sales increased \$49.9 million in the second quarter of 2011, as compared to the second quarter of 2010, due to higher sales from our envelopes, forms and labels segment of \$56.3 million offset by lower sales from our commercial printing segment of \$6.4 million. See Segment Operations below for a detailed discussion of the primary factors affecting the change in our net sales by reportable segment.

Net sales increased \$99.1 million in the first six months of 2011, as compared to the first six months of 2010, due to higher sales from our envelopes, forms and labels segment of \$91.0 million and from our commercial printing segment of \$8.1 million. See Segment Operations below for a detailed discussion of the primary factors affecting the change in our net sales by reportable segment.

## Operating Income

Operating income increased \$10.0 million in the second quarter of 2011, as compared to the second quarter of 2010. This increase was primarily due to increases in operating income from our commercial printing segment of \$10.4 million and our envelopes, forms and labels segment of \$3.2 million. See Segment Operations below for a more detailed discussion of the primary factors for the changes in operating income by reportable segment.

Operating income increased \$20.0 million in the first six months of 2011, as compared to the first six months of 2010. This increase was primarily due to increases in operating income from our commercial printing segment of \$21.5 million and our envelopes, forms and labels segment of \$4.6 million. See Segment Operations below for a more detailed discussion of the primary factors for the changes in operating income by reportable segment.

## Gain on Bargain Purchase

During the second quarter and the first six months of 2011, in connection with the acquisition of EPG, we recognized a preliminary bargain purchase gain of approximately \$0.5 million and \$11.1 million, respectively.

## Interest Expense

Interest expense decreased \$2.1 million to \$29.4 million in the second quarter of 2011, as compared to \$31.5 million in the second quarter of 2010. The decrease is primarily due to the redemption of higher cost interest rate swaps, partially offset by higher average outstanding debt balances resulting from: (i) the 2010 Acquisitions, (ii) the EPG acquisition, (iii) fees related to our partial debt refinancing in February of 2010, which we refer to as the 2010 Refinancing, that included an amendment to our revolving credit facility due 2012, which we refer to as the 2006 Revolving Credit Facility, and our term loans and delayed-draw term loans due 2013, which we refer to as the Term Loans, which collectively with the 2006 Revolving Credit Facility we refer to as the Amended Credit Facilities, and the issuance of \$400 million 8 % senior second lien notes due 2018, which we refer to as the 8 % Notes and (iv) fees related to our December 2010 refinancing of our remaining Amended Credit Facilities, which we refer to as the Credit Facility Refinancing, that consists of a new \$530 million senior secured credit facility that includes a \$150 million revolving credit facility due 2014, which we refer to as the 2010 Revolving Credit Facility, and a \$380 million term loan due 2016, which we refer to as the Term Loan B, which collectively with the 2010 Revolving Credit Facility we refer to as the 2010 Credit Facilities. Interest expense in the second quarter of 2011 reflected average outstanding debt of approximately \$1.4 billion and a weighted average interest rate of 7.9%, as compared to average outstanding debt of \$1.3 billion and a weighted average interest rate of 9.0% in the second quarter of 2010. We expect lower interest expense in 2011, as compared to 2010, largely due to the maturity of our interest rate swap agreements.

Interest expense decreased \$1.5 million to \$59.6 million in the first six months of 2011, as compared to \$61.1 million in the first six months of 2010. The decrease was primarily due to the redemption of higher cost interest rate swaps, partially offset by higher average outstanding debt balances resulting from: (i) the 2010 Acquisitions, (ii) the EPG acquisition, (iii) the 2010 Refinancing and (iv) the Credit Facility Refinancing. Interest expense in the first six months of 2011 reflected average outstanding debt of approximately \$1.4 billion and a weighted average interest rate of 8.0%, as compared to average outstanding debt of \$1.3 billion and a weighted average interest rate of 8.8% in the first six months of 2010.

## Loss on Early Extinguishment of Debt

During the first six months of 2010, in connection with the 2010 Refinancing, we incurred a loss on early extinguishment of debt of \$2.6 million, of which \$1.5 million relates to fees paid to consenting lenders and \$1.1 million relates to the write-off of previously unamortized debt issuance costs.

## Income Taxes

|                                            | Three Months Ended |                 | Six Months Ended |                 |
|--------------------------------------------|--------------------|-----------------|------------------|-----------------|
|                                            | July 2,<br>2011    | July 3,<br>2010 | July 2,<br>2011  | July 3,<br>2010 |
|                                            | (in thousands)     |                 | (in thousands)   |                 |
| Income tax benefit from U.S. operations    | \$(491 )           | \$ (4,536 )     | \$(1,681 )       | \$ (14,556 )    |
| Income tax expense from foreign operations | 487                | 417             | 1,176            | 710             |
| Income tax benefit                         | \$(4 )             | \$ (4,119 )     | \$(505 )         | \$ (13,846 )    |
| Effective income tax rate                  | (1.0 ) %           | 33.2 %          | (19.0 ) %        | 41.8 %          |

In the second quarter of 2011, we had an income tax benefit of less than \$0.1 million, compared to an income tax benefit of \$4.1 million in the second quarter of 2010. The tax benefit for both periods primarily related to income tax benefits from taxes on our domestic operations. The income tax benefit for the second quarter of 2011 was substantially offset by income tax expense of \$0.2 million related to our bargain purchase gain in connection with the acquisition of EPG. Our effective tax rate in the second quarter of 2011 was lower than the federal statutory rate, primarily due to non-deductible expenses and state income taxes. Our effective tax rate in the second quarter of 2010 was lower than the federal statutory rate, primarily due to charges for discrete items. In the first six months of 2011, we had an income tax benefit of \$0.5 million, compared to an income tax benefit of \$13.8 million in the first six months of 2010. The tax benefit for both periods primarily related to income tax benefits from taxes on our domestic operations. The income tax benefit for the first six months of 2011 was substantially offset by income tax expense of \$4.3 million related to our bargain purchase gain in connection with the acquisition of EPG. Our effective tax rate in the first six months of 2011 was lower than the federal statutory rate, primarily due to non-deductible expenses and state income taxes. Our effective tax rate in the first six months of 2010 was higher than the federal statutory rate, primarily due to non-deductible expenses and state income taxes.

We assess the recoverability of our deferred tax assets and, to the extent recoverability does not satisfy the “more likely than not” recognition criteria, record a valuation allowance against our deferred tax assets. We consider all positive and negative evidence in evaluating our ability to realize our net deferred tax assets, including our operating results, ongoing tax planning, and forecast of future taxable income, on a jurisdiction by jurisdiction basis. Significant judgment is required with respect to the determination of whether or not a valuation allowance is required for certain of our deferred tax assets. As of July 2, 2011, the total valuation allowance on our net U.S. deferred tax assets was approximately \$24.1 million.

### Segment Operations

Our Chief Executive Officer monitors the performance of the ongoing operations of our two reportable segments. We assess performance based on net sales and operating income (loss).

### Envelopes, Forms and Labels

|                                      | Three Months Ended |                 | Six Months Ended |                 |
|--------------------------------------|--------------------|-----------------|------------------|-----------------|
|                                      | July 2,<br>2011    | July 3,<br>2010 | July 2,<br>2011  | July 3,<br>2010 |
|                                      | (in thousands)     |                 | (in thousands)   |                 |
| Segment net sales                    | \$297,006          | \$ 240,724      | \$576,880        | \$ 485,905      |
| Segment operating income             | \$26,786           | \$ 23,608       | \$49,588         | \$ 45,022       |
| Operating income margin              | 9.0                | % 9.8           | 8.6              | % 9.3           |
| Restructuring and impairment charges | \$2,897            | \$ 4,308        | \$4,162          | \$ 7,894        |

### Segment Net Sales

Segment net sales for our envelopes, forms and labels segment increased \$56.3 million, or 23.4%, in the second quarter of 2011, as compared to the second quarter of 2010. This increase was primarily due to: (i) \$52.6 million of sales generated from the integration of EPG into our operations, including the impact of work transitioned from our existing operations to EPG and vice versa, as EPG was not included in our results in the second quarter of 2010, and (ii) higher sales of \$7.2 million from price and product mix changes primarily from our financial institution envelope customers increasing their demand for direct mail products, as opposed to generic envelope products, as well as our ability to pass along price increases to our envelope customers and our short-run labels business as we were also able to increase pricing to our customers due to increases in raw material costs, offset in part by product mix changes from our higher cost envelope office product offerings to our lower cost envelope office product offerings. These increases were offset in part by lower sales volumes of approximately \$3.5 million, primarily from our long-run labels business due to lost sales from a plant closure in 2010 and our decision to exit certain low margin business.

Segment net sales for our envelopes, forms and labels segment increased \$91.0 million, or 18.7%, in the first six months of 2011, as compared to the first six months of 2010. This increase was primarily due to: (i) \$94.0 million of sales generated from the integration of EPG into our operations, including the impact of work transitioned from our existing operations to EPG and vice versa, as EPG was not included in our results in the first six months of 2010, and (ii) higher sales of \$9.5 million from price and product mix changes primarily from our financial institution envelope customers increasing their demand for direct mail products, as opposed to generic envelope products, as well as our ability to pass along price increases to our envelope customers and our short-run labels business as we were also able to increase pricing to our customers due to increases in raw material costs, offset in part by product mix changes from our higher cost envelope office product offerings to our lower cost envelope office product offerings. These increases were offset in part by lower sales volumes of approximately \$12.6 million, primarily from our long-run labels business due to lost sales from a plant closure in 2010 and our decision to exit certain low margin business.



## Segment Operating Income

Segment operating income for our envelopes, forms and labels segment increased \$3.2 million, or 13.5%, in the second quarter of 2011, as compared to the second quarter of 2010. This increase was primarily due to: (i) increased gross margins of \$5.3 million primarily due to gross margins generated from EPG, as EPG was not included in our results in the second quarter of 2010, increased gross margins due to our lower cost structure as a result of cost savings initiatives taken in prior years, and (ii) lower restructuring and impairment charges of \$1.4 million. These increases were offset in part by higher selling, general and administrative expenses of \$3.5 million primarily due to EPG, as EPG was not included in our results in the second quarter of 2010 and acquisition-related costs associated with the EPG acquisition, offset in part by lower selling, general and administrative expense due to our lower cost structure as a result of cost savings initiatives taken in prior years.

Segment operating income for our envelopes, forms and labels segment increased \$4.6 million, or 10.1%, in the first six months of 2011, as compared to the first six months of 2010. This increase was primarily due to: (i) increased gross margins of \$9.5 million primarily due to gross margins generated from EPG, as EPG was not included in our results in the first six months of 2010, and increased gross margins due to our lower cost structure as a result of cost savings initiatives taken in prior years, and (ii) lower restructuring and impairment charges of \$3.7 million. These increases were offset in part by higher selling, general and administrative expenses of \$8.6 million primarily due to EPG, as EPG was not included in our results in the first six months of 2010 and acquisition-related costs associated with the EPG acquisition, offset in part by lower selling, general and administrative expense due to our lower cost structure as a result of cost savings initiatives taken in prior years.

## Commercial Printing

|                                      | Three Months Ended |                 | Six Months Ended |                 |
|--------------------------------------|--------------------|-----------------|------------------|-----------------|
|                                      | July 2,<br>2011    | July 3,<br>2010 | July 2,<br>2011  | July 3,<br>2010 |
|                                      | (in thousands)     |                 | (in thousands)   |                 |
| Segment net sales                    | \$198,193          | \$ 204,540      | \$421,384        | \$ 413,293      |
| Segment operating income             | \$14,211           | \$ 3,780        | \$25,082         | \$ 3,587        |
| Operating income margin              | 7.2                | % 1.8           | 6.0              | % 0.9           |
| Restructuring and impairment charges | \$2,524            | \$ 6,765        | \$4,991          | \$ 12,308       |

## Segment Net Sales

Segment net sales for our commercial printing segment decreased \$6.4 million, or 3.1%, in the second quarter of 2011, as compared to the second quarter of 2010. This decrease was primarily due to: (i) lower sales volumes of \$7.9 million primarily due to lower customer demand within our STM journals and digital businesses and (ii) lower sales of \$4.0 million from pricing and product mix changes primarily related to our STM journals business due to continued decline in the circulation of journals and periodicals. These decreases were offset in part by \$5.6 million of higher sales from our acquisitions of Gilbreth and Glyph, as Gilbreth was not included in our results in the second quarter of 2010 and Glyph was not included for a full quarter in the second quarter of 2010.

Segment net sales for our commercial printing segment increased \$8.1 million, or 2.0%, in the first six months of 2011, as compared to the first six months of 2010. This increase was primarily due to: (i) \$13.8 million of higher sales from our 2010 Acquisitions as Gilbreth was not included in our results in the first six months of 2010 and Clxxx and Glyph were not included for a full six months of 2010, and (ii) higher sales volumes of \$0.6 million primarily due to an increase in our commercial printing and specialty packaging businesses primarily from our consumer product customers increasing their demand for advertising and marketing collateral, offset in part by lower sales volumes from

lower customer demand within our STM journals and digital business. These increases were offset in part by lower sales of \$6.3 million from pricing and product mix changes related to our specialty packaging business and our STM journals business due to continued declines in the circulation of journals and periodicals.

#### Segment Operating Income

Segment operating income for our commercial printing segment increased \$10.4 million in the second quarter of 2011, as compared to the second quarter of 2010. This increase was primarily due to: (i) lower restructuring and impairment charges of \$4.2 million, (ii) lower selling, general and administrative expenses of \$3.5 million, resulting from our cost savings initiatives in prior years, offset in part by higher selling, general and administrative expenses from our acquisitions of Gilbreth and Glyph as Gilbreth was not included in our results in the second quarter of 2010 and Glyph was not included for a full quarter in the second quarter of 2010, and (iv) increased gross margins of \$2.7 million primarily due to our lower cost structure as a result of cost savings initiatives taken in prior years and our acquisitions of Gilbreth and Glyph as Gilbreth was not included in our results in the second quarter of 2010 and Glyph was not included for a full quarter in the second quarter of 2010.

Segment operating income for our commercial printing segment increased \$21.5 million in the first six months of 2011, as compared to the first six months of 2010. This increase was primarily due to: (i) increased gross margins of \$9.9 million primarily due to our lower cost structure as a result of cost savings initiatives taken in prior years and our 2010 Acquisitions as Gilbreth was not included in our results in the first six months of 2010 and Clix and Glyph were not included for a full six months in the first six months of 2010, (ii) lower restructuring and impairment charges of \$7.3 million, (iii) lower selling, general and administrative expenses of \$4.1 million, resulting from our cost savings initiatives in prior years, offset in part by higher selling, general and administrative expenses from our 2010 Acquisitions as Gilbreth was not included in our results in the first six months of 2010 and Clix and Glyph were not included for a full six months in the first six months of 2010, and (iv) lower amortization expense of \$0.2 million primarily due to intangible assets becoming fully amortized during 2011.

#### Corporate Expenses

Corporate expenses include the costs of running our corporate headquarters. Corporate expenses were higher in the second quarter of 2011, as compared to the second quarter of 2010, primarily due to higher compensation related expenses and lower vendor related discounts due to changes within our vendor programs to increase cash generation. Corporate expenses were higher in the first six months of 2011, as compared to the first six months of 2010, primarily due to higher compensation related expenses and lower vendor related discounts due to changes within our vendor programs to increase cash generation.

#### Restructuring and Impairment Charges

In addition to the other restructuring plans implemented by our segments below, we currently have one active and five residual cost savings, restructuring and integration plans: (i) the plan related to the integration of the EPG acquisition, which we refer to as the EPG Plan and (ii) the plans related to the integration of the Nashua Corporation and Glyph acquisitions, the 2009 Cost Savings and Restructuring Plan, the 2007 Cost Savings and Integration Plan and the 2005 Cost Savings and Restructuring Plan, which collectively we refer to as the Residual Plans.

Upon the completion of the EPG acquisition, we developed and implemented a preliminary plan to integrate EPG into existing envelope operations. Since the date of acquisition, activities related to the EPG Plan have included the closure and consolidation of two manufacturing facilities into our existing operations and the elimination of duplicative headcount. In the second quarter of 2011, we also announced the closure and consolidation of a third EPG facility. We anticipate that the integration of EPG will continue for at least the next twelve months and may include additional closure or consolidation of manufacturing facilities and further headcount reductions.

In 2011, our envelopes, forms and labels and commercial printing segments have implemented further cost savings initiatives, which we refer to as Other Restructuring Plans, in order to provide enhanced customer service and centralize various back office functions within our businesses. These Other Restructuring Plans also include the realignment of certain manufacturing platforms, which has resulted in the closure and consolidation of two commercial printing plants into our existing operations. We anticipate that the execution and completion of these initiatives will be completed by the end of 2011.

As a result of actions taken in the first six months of 2011, including the EPG Plan, we reduced our headcount by approximately 400 employees.

As of the quarter ended July 2, 2011, our total restructuring liability was \$28.8 million, of which \$5.0 million is included in other current liabilities and \$23.8 million, which is expected to be paid through 2030, is included in other liabilities in our condensed consolidated balance sheet.

During the second quarter of 2011, we incurred \$5.5 million of restructuring and impairment charges, which included \$1.6 million of employee separation costs, asset impairments, net of \$1.6 million, equipment moving expenses of \$1.0 million, lease termination expenses of \$0.3 million, and building clean-up and other expenses of \$1.0 million. During the second quarter of 2010, we incurred \$11.5 million of restructuring and impairment charges, which included \$4.2 million of employee separation costs, asset impairments, net of \$1.4 million, equipment moving expenses of \$0.9 million, lease termination expenses of \$3.1 million and building clean-up and other expenses of \$1.9 million.

During the first six months of 2011, we incurred \$9.3 million of restructuring and impairment charges, which included \$2.1 million of employee separation costs, asset impairments, net of \$2.5 million, equipment moving expenses of \$1.7 million, lease termination expenses of \$1.0 million and building clean-up and other expenses of \$2.0 million. During the first six months of 2010, we incurred \$21.1 million of restructuring and impairment charges, which included \$7.4 million of employee separation costs, asset impairments, net of \$1.7 million, equipment moving expenses of \$1.8 million, lease termination expenses of \$4.8 million, multi-employer pension withdrawal expenses of \$1.6 million and building clean-up and other expenses of \$3.8 million.

#### Liquidity and Capital Resources

**Net Cash Provided by Operating Activities.** Net cash used in operating activities was \$11.8 million in the first six months of 2011, which was primarily due to our net income adjusted for non-cash items of \$37.1 million, substantially offset by a decrease in our working capital of \$20.5 million. The decrease in our working capital primarily resulted from: (i) a decrease in other working capital changes primarily due to the timing of customer related payments, (ii) an increase in our inventories due to timing of work performed for our customers and (iii) a decrease in accounts payable due to the timing of vendor payments. These decreases were offset in part by a decrease in accounts receivables due to the timing of collections from and sales to our customers.

Cash provided by operating activities is generally sufficient to meet daily disbursement needs. On days when our cash receipts exceed disbursements, we reduce our revolving credit balance or place excess funds in conservative, short-term investments until there is an opportunity to pay down debt. On days when our cash disbursements exceed cash receipts, we use invested cash balances and/or our revolving credit to fund the difference. As a result, our daily revolving credit balance fluctuates depending on working capital needs. Regardless, at all times we believe we have sufficient liquidity available to us to fund our cash needs.

Net cash provided by operating activities was \$29.6 million in the first six months of 2010, which was primarily due to an increase in working capital of \$18.6 million and net loss adjusted for non-cash items of \$17.6 million. The increase in our working capital primarily resulted from a decrease in receivables primarily due to the timing of collections from and sales to our customers and changes in other working capital primarily due to the timing of interest payments on our outstanding debt, offset in part by a decrease in accounts payable due largely to the timing of payments to our vendors and a slight increase in inventory due to the timing of work performed for our customers.

**Net Cash Used in Investing Activities.** Net cash used in investing activities was \$52.5 million in the first six months of 2011, primarily resulting from \$55.2 million of cash consideration for the EPG acquisition and capital expenditures of \$8.5 million. These uses of cash were offset in part by proceeds received from the sale of property, plant and equipment of \$10.9 million.

Our debt agreements limit capital expenditures to \$38.0 million in 2011 plus any proceeds received from the sale of property, plant and equipment and, if certain conditions are satisfied, any unused permitted amounts from 2010. We estimate that we will spend approximately \$20.0 million on capital expenditures in 2011, before considering proceeds from the sale of property, plant and equipment. Our primary sources for our capital expenditures are cash generated from operations, proceeds from the sale of property, plant and equipment, and financing capacity within our current debt arrangements. These sources of funding are consistent with prior years' funding of our capital expenditures.

Net cash used in investing activities was \$28.2 million in the first six months of 2010, primarily resulting from \$21.5 million of cash consideration for the 2010 Acquisitions and capital expenditures of \$8.2 million. These uses of cash were offset in part by \$1.5 million of proceeds from the sale of property, plant and equipment.

**Net Cash Provided by Financing Activities.** Net cash provided by financing activities was \$2.6 million in the first six months of 2011, primarily due to borrowings under our 2010 Revolving Credit Facility of \$8.2 million, offset in part

by repayments of our other long-term debt of \$3.6 million and our Term Loan B of \$1.9 million.

Net cash provided by financing activities was \$47.0 million in the first six months of 2010, primarily due to cash proceeds from issuance of the 8 % Notes, net of the original issuance discount, of \$397.2 million, offset in part by: (i) the repayment of our Term Loans of \$311.9 million, (ii) the repayment of the 2006 Revolving Credit Facility of \$22.5 million, (iii) payment of fees and expenses of \$13.0 million in connection with the issuance of the 8 % Notes and the 2010 Refinancing, and (iv) repayments of other long-term debt of \$4.1 million.

**Long-Term Debt.** Our total outstanding long-term debt, including current maturities, was approximately \$1.3 billion as of July 2, 2011, an increase of \$3.8 million from January 1, 2011. This increase was primarily due to the EPG acquisition partially offset by: (i) cash flow from operations and (ii) proceeds from the sale of property, plant and equipment. As of July 2, 2011, approximately 70% of our debt outstanding was subject to fixed interest rates. As of August 5, 2011, we had approximately \$42.8 million borrowing availability under our 2010 Revolving Credit Facility. From time to time we may seek to refinance our debt obligations as business needs and market conditions warrant.

Our 2010 Credit Facilities include financial covenants requiring us to operate within certain ratio thresholds with respect to our overall leverage, interest coverage, and first lien leverage. Failure to maintain these ratio thresholds, and/or failure to have effective internal controls would prevent us from borrowing additional amounts and could result in a default under the 2010 Credit Facilities. Such default could cause the indebtedness outstanding under the 2010 Credit Facilities and, by reason of cross-acceleration or cross-default provisions, all of the other outstanding notes and any other indebtedness we may then have, to become immediately due and payable.

As the 2010 Credit Facilities have senior secured and first priority lien position in our capital structure and have the most restrictive covenants, then provided we are in compliance with the 2010 Credit Facilities, we would also be in compliance, in most circumstances, with our debt incurrence tests within all of our indentures.

As of July 2, 2011, we were in compliance with all debt agreement covenants.

#### Letters of Credit

On July 2, 2011, we had outstanding letters of credit of approximately \$20.2 million and a de minimis amount of surety bonds related to performance and payment guarantees. Based on our experience with these arrangements, we do not believe that any obligations that may arise will be significant.

#### Credit Ratings

Our current credit ratings are as follows:

| Rating Agency     | Corporate Rating | 2010 Credit Facilities | 8 % Notes | 10½% Notes | 7 % Notes | 8 % Notes | Outlook  | Last Update   |
|-------------------|------------------|------------------------|-----------|------------|-----------|-----------|----------|---------------|
| Moody's           | B3               | Ba3                    | B3        | Caa1       | Caa2      | Caa2      | Negative | July 2011     |
| Standard & Poor's | B                | BB-                    | B-        | CCC+       | CCC+      | CCC+      | Stable   | December 2010 |

In July 2011, Moody's Investors Services, which we refer to as Moody's reaffirmed our Corporate Rating and the ratings on our 2010 Credit Facilities, 8 % Notes, 10½% senior notes due 2016, which we refer to as the 10½% Notes, 7 % senior subordinated notes due 2013, which we refer to as the 7 % Notes, and 8 % senior subordinated notes due 2014, which we refer to as the 8 % Notes, in conjunction with the Credit Facility Refinancing, and the detail of our current ratings have been provided in the table above. In December 2010, Standard & Poor's Ratings Services, which we refer to as Standard & Poor's, lowered our Corporate Rating and the ratings on our 2010 Credit Facilities, 8 % Notes, 10½% Notes, 7 % Notes and 8 % Notes in conjunction with the Credit Facility Refinancing, and the detail of our current ratings have been provided in the table above.

The terms of our existing debt do not have any rating triggers that impact our funding availability or unduly influence our daily operations, including planned capital expenditures. We do not believe that our current ratings will unduly influence our ability to raise additional capital. Some of our constituents closely track rating agency actions and would note any raising or lowering of our credit ratings; however, we believe that along with reviewing our credit ratings, additional quantitative and qualitative analyses must be performed to accurately judge our financial condition.

We expect that our internally generated cash flows and financing available under our 2010 Revolving Credit Facility will be sufficient to fund our working capital needs for the next twelve months; however, this cannot be assured.

#### Seasonality

Our envelopes market and certain segments of the direct mail market have historically experienced seasonality with a higher percentage of volume of products sold to these markets occurring during the fourth quarter of the year related to holiday purchases. Our custom label business has historically experienced a seasonal increase during the first and second quarters of the year primarily resulting from the release of our product catalogs to the trade channel customers and our customers' spring advertising campaigns. Our long-run label business has historically experienced seasonality in its sales due to cold and flu seasons generally concentrated in the fourth and first quarters of the year. Our documents business has historically experienced higher volume in the fourth quarter, primarily resulting from tax forms and related documents. As a result of these seasonal variations, some of our envelopes, forms and labels operations operate at or near capacity at certain times throughout the year.

Our commercial printing plants also experience seasonal variations. Revenues associated with consumer publications, such as holiday catalogs and automobile brochures, tend to be concentrated from July through October. Revenues from annual reports are generally concentrated from February through April. Revenues associated with the educational and scholarly market and promotional materials tend to decline in the summer. As a result of these seasonal variations, some of our commercial printing operations operate at or near capacity at certain times throughout the year.

#### New Accounting Pronouncements

We are required to adopt certain new accounting pronouncements. See Note 1 to our condensed consolidated financial statements included herein.

#### Available Information

Our internet address is: [www.cenveo.com](http://www.cenveo.com). We make available free of charge through our website our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after such documents are filed electronically with the SEC. In addition, our earnings conference calls are archived for replay on our website.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks such as changes in interest and foreign currency exchange rates, which may adversely affect our results of operations and financial position.

As of July 2, 2011, we had no interest rate swap agreements outstanding. As of January 1, 2011, we had \$200.0 million notional amount of interest rate swap agreements outstanding. Our hedges of interest rate risk were designated and documented at inception as cash flow hedges and have been evaluated for effectiveness at least quarterly. As of July 2, 2011, we had variable rate debt outstanding of \$386.3 million. In addition, our Term Loan B is subject to a London Interbank Offered Rate, which we refer to as LIBOR, floor of 1.5%, as such, a change of 1% to current LIBOR rates would not have a significant impact to our interest expense.

Our changes in foreign currency exchange rates are managed through normal operating and financing activities. We have foreign operations, primarily in Canada and India, and thus are exposed to market risk for changes in foreign currency exchange rates. For the three and six months ended July 2, 2011, a uniform 10% strengthening of the United States dollar relative to the local currency of our foreign operations would have resulted in a decrease in sales of approximately \$2.5 million and \$5.2 million, respectively, and operating income of approximately \$0.2 million and \$0.6 million, respectively.

### Item 4. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) as of July 2, 2011. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of July 2, 2011 in order to provide reasonable assurance that information required to be disclosed by the Company in its filings under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

#### Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in the Exchange Act Rule 13a-15(f) and 15d-15(f)) during the quarter ended July 2, 2011 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

#### Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. The design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that

breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

## PART II. OTHER INFORMATION

## Item 1. Legal Proceedings

We are involved in litigation that we consider to be ordinary and incidental to our business. While the outcome of pending legal actions cannot be predicted with certainty, we believe the outcome of these proceedings will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

## Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended January 1, 2011, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

## Item 6. Exhibits

| Exhibit<br>Number | Description                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1               | Stock Purchase Agreement dated as of July 17, 2007 among Cenveo Corporation, Commercial Envelope Manufacturing Co., Inc. and its shareholders—incorporated by reference to Exhibit 2.1 to registrant’s current report on Form 8-K filed July 20, 2007.                                                                                                                                                                                  |
| 3.1               | Articles of Incorporation—incorporated by reference to Exhibit 3(i) of the registrant’s quarterly report on Form 10-Q for the quarter ended June 30, 1997, filed August 14, 1997.                                                                                                                                                                                                                                                       |
| 3.2               | Articles of Amendment to the Articles of Incorporation dated May 17, 2004—incorporated by reference to Exhibit 3.2 to registrant’s quarterly report on Form 10-Q for the quarter ended June 30, 2004, filed August 2, 2004.                                                                                                                                                                                                             |
| 3.3               | Amendment to Articles of Incorporation and Certificate of Designations of Series A Junior Participating Preferred Stock of the Registrant dated April 20, 2005—incorporated by reference to Exhibit 3.1 to registrant’s current report on Form 8-K filed April 21, 2005.                                                                                                                                                                |
| 3.4               | Bylaws as amended and restated effective February 22, 2007—incorporated by reference to Exhibit 3.2 to registrant’s current report on Form 8-K filed August 30, 2007.                                                                                                                                                                                                                                                                   |
| 4.1               | Indenture dated as of February 4, 2004 between Mail-Well I Corporation, the Guarantors named therein and U.S. Bank National Association, as Trustee, and Form of Senior Subordinated Note and Guarantee relating to Mail-Well I Corporation’s 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.5 to registrant’s annual report on Form 10-K for the year ended December 31, 2003, filed February 27, 2004. |
| 4.2               | Supplemental Indenture, dated as of June 21, 2006 among Cenveo Corporation (f/k/a Mail-Well I Corporation), the Guarantors named therein and U.S. Bank National Association, as Trustee, to the Indenture                                                                                                                                                                                                                               |

dated as of February 4, 2004 relating to the 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.2 to registrant’s current report on Form 8-K filed June 27, 2006.

- 4.3 Third Supplemental Indenture, dated as of March 7, 2007 among Cenveo Corporation (f/k/a Mail-Well I Corporation), the Guarantors named therein and U.S. Bank National Association, as Trustee, to the Indenture dated as of February 4, 2004 relating to the 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.7 to registrant’s quarterly report on Form 10-Q for the quarter ended March 31, 2007, filed May 9, 2007.
- 4.4 Fourth Supplemental Indenture, dated as of July 9, 2007 among Cenveo Corporation (f/k/a Mail-Well I Corporation), the Guarantors named therein and U.S. Bank National Association, as Trustee, to the Indenture dated as of February 4, 2004 relating to the 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.8 to registrant’s quarterly report on Form 10-Q for the quarter ended June 30, 2007, filed August 8, 2007.
- 4.5 Fifth Supplemental Indenture, dated as of August 30, 2007 among Cenveo Corporation (f/k/a Mail-Well I Corporation), the Guarantors named therein and U.S. Bank National Association, as Trustee, to the Indenture dated as of February 4, 2004 relating to the 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.6 to registrant’s quarterly report on Form 10-Q for the quarter ended September 29, 2007, filed November 8, 2007.
- 4.6 Sixth Supplemental Indenture, dated as of April 16, 2008 among Cenveo Corporation (f/k/a Mail-Well I Corporation), the Guarantors named therein and U.S. Bank National Association, as Trustee, to the Indenture dated as of February 4, 2004 relating to the 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.7 to registrant’s quarterly report on Form 10-Q for the quarter ended June 28, 2008, filed August 7, 2008.
- 4.7 Seventh Supplemental Indenture, dated as of August 20, 2008 among Cenveo Corporation (f/k/a Mail-Well I Corporation), the Guarantors named therein and U.S. Bank National Association, as Trustee, to the Indenture dated as of February 4, 2004 relating to the 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.8 to registrant’s quarterly report on Form 10-Q for the quarter ended September 27, 2008, filed November 5, 2008.
- 4.8 Eighth Supplemental Indenture, dated as of October 15, 2009 among Cenveo Corporation (f/k/a Mail-Well I Corporation), the Guarantors named therein and U.S. Bank National Association, as Trustee, to the Indenture dated as of February 4, 2004 relating to the 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.1 to registrant’s current report on Form 8-K filed October 16, 2009.
- 4.9 Ninth Supplemental Indenture, dated as of December 21, 2010 among Cenveo Corporation (f/k/a Mail-Well I Corporation), the Guarantors named therein and U.S. Bank National Association, as Trustee, to the Indenture dated as of February 4, 2004 relating to the 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.9 to registrant’s annual report on Form 10-K for the year ended January 1, 2011, filed March 2, 2011.
- 4.10 Tenth Supplemental Indenture, dated as of March 2, 2011 among Cenveo Corporation (f/k/a Mail-Well I Corporation), the Guarantors named therein and U.S. Bank National Association, as Trustee, to the Indenture dated as of February 4, 2004 relating to the 7 % Senior Subordinated Notes due 2013—incorporated by reference to Exhibit 4.10 to registrant’s quarterly report on Form 10-Q for the quarter ended April 2, 2011, filed May 11, 2011.
- 4.11 Indenture, dated as of June 15, 2004, among Cadmus Communications Corporation, the Guarantors named therein and Wachovia Bank, National Association, as Trustee, relating to the 8 % Senior Subordinated Notes

due 2014—incorporated by reference to Exhibit 4.9 to Cadmus Communications Corporation’s registration statement on Form S-4 filed August 24, 2004.

- 4.12 First Supplemental Indenture, dated as of March 1, 2005, to the Indenture dated as of June 15, 2004, among Cadmus Communications Corporation, the Guarantors named therein Mack Printing, LLC and Wachovia Bank, National Association, as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.9.1 to Cadmus Communications Corporation’s quarterly report on Form 10-Q for the quarter ended March 31, 2005, filed May 13, 2005.

- 4.13 Second Supplemental Indenture, dated as of May 19, 2006, to the Indenture dated as of June 15, 2004, among Cadmus Communications Corporation, the Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.9.2 to Cadmus Communications Corporation’s annual report on Form 10-K for the year ended July 1, 2006, filed September 13, 2006.
- 4.14 Third Supplemental Indenture, dated as of March 7, 2007, to the Indenture dated as of June 15, 2004, among Cenveo Corporation (as successor to Cadmus Communications Corporation), the Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.11 to registrant’s quarterly report on Form 10-Q for the quarter ended March 31, 2007, filed May 9, 2007.
- 4.15 Fourth Supplemental Indenture, dated as of July 9, 2007, to the Indenture dated as of June 15, 2004, among Cenveo Corporation (as successor to Cadmus Communications Corporation), the Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.13 to registrant’s quarterly report on Form 10-Q for the quarter ended June 30, 2007, filed August 8, 2007.
- 4.16 Fifth Supplemental Indenture, dated as of August 30, 2007, to the Indenture dated as of June 15, 2004, among Cenveo Corporation (as successor to Cadmus Communications Corporation), the Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.13 to registrant’s quarterly report on Form 10-Q for the quarter ended September 29, 2007, filed November 8, 2007.
- 4.17 Sixth Supplemental Indenture, dated as of November 7, 2007, to the Indenture dated as of June 15, 2004, among Cenveo Corporation (as successor to Cadmus Communications Corporation), the Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.12 to registrant’s annual report on Form 10-K for the year ended December 29, 2007, filed March 28, 2008.
- 4.18 Seventh Supplemental Indenture, dated as of April 16, 2008, to the Indenture dated as of June 15, 2004, among Cenveo Corporation (as successor to Cadmus Communications Corporation), the Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.16 to registrant’s quarterly report on Form 10-Q for the quarter ended June 28, 2008, filed August 7, 2008.
- 4.19 Eighth Supplemental Indenture, dated as of August 20, 2008, to the Indenture dated as of June 15, 2004, among Cenveo Corporation (as successor to Cadmus Communications Corporation), the Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.18 to registrant’s quarterly report on Form 10-Q for the quarter ended September 27, 2008, filed November 5, 2008.
- 4.20 Ninth Supplemental Indenture, dated as of October 15, 2009, to the Indenture dated as of June 15, 2004, among Cenveo Corporation (as successor to Cadmus Communications Corporation), the Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.2 to registrant’s current report on Form 8-K filed October 16, 2009.

- 4.21 Tenth Supplemental Indenture, dated as of December 21, 2010, to the Indenture dated as of June 15, 2004, among Cenveo Corporation (as successor to Cadmus Communications Corporation), the Subsidiary Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.20 to registrant’s annual report on Form 10-K for the year ended January 1, 2011, filed March 2, 2011.

- 4.22 Eleventh Supplemental Indenture, dated as of March 2, 2011, to the Indenture dated as of June 15, 2004, among Cenveo Corporation (as successor to Cadmus Communications Corporation), the Guarantors named therein and U.S. Bank National Association (successor to Wachovia Bank, National Association), as Trustee, relating to the 8 % Senior Subordinated Notes due 2014—incorporated by reference to Exhibit 4.22 to registrant’s quarterly report on Form 10-Q for the quarter ended April 2, 2011, filed May 11, 2011.
- 4.23 Indenture, dated as of June 13, 2008, between Cenveo Corporation, the other guarantors named therein and U.S. Bank National Association, as Trustee, relating to the 10½% Notes of Cenveo Corporation—incorporated by reference to Exhibit 4.1 to registrant’s current report on Form 8-K filed June 13, 2008.
- 4.24 Guarantee by Cenveo, Inc. and the other guarantors named therein relating to the 10½% Notes of Cenveo Corporation—incorporated by reference to Exhibit 4.2 to registrant’s current report on Form 8-K dated (date of earliest event reported) June 9, 2008 filed June 13, 2008.
- 4.25 First Supplemental Indenture, dated as of August 20, 2008, to the Indenture of June 13, 2008 between Cenveo Corporation, the other guarantors named therein and U.S. Bank National Association, as Trustee, relating to the 10½% Notes of Cenveo Corporation—incorporated by reference to Exhibit 4.21 to registrant’s quarterly report on Form 10-Q for the quarter ended September 27, 2008, filed November 5, 2008.
- 4.26 Second Supplemental Indenture, dated as of October 15, 2009, to the Indenture of June 13, 2008 between Cenveo Corporation, the other guarantors named therein and U.S. Bank National Association, as Trustee, relating to the 10½% Notes of Cenveo Corporation—incorporated by reference to Exhibit 4.3 to registrant’s current report on Form 8-K filed October 16, 2009.
- 4.27 Third Supplemental Indenture, dated as of December 21, 2010, to the Indenture of June 13, 2008 among Cenveo Corporation, the Guarantors named therein and U.S. Bank National Association, as Trustee, relating to the 10½% Notes of Cenveo Corporation—incorporated by reference to Exhibit 4.25 to registrant’s annual report on Form 10-K for the year ended January 1, 2011, filed March 2, 2011.
- 4.28 Fourth Supplemental Indenture, dated as of March 2, 2011, to the Indenture of June 13, 2008 among Cenveo Corporation, the Guarantors named therein and U.S. Bank National Association, as Trustee, relating to the 10½% Notes of Cenveo Corporation—incorporated by reference to Exhibit 4.28 to registrant’s quarterly report on Form 10-Q for the quarter ended April 2, 2011, filed May 11, 2011.
- 4.29 Registration Rights Agreement dated as of June 13, 2008 among Cenveo Corporation, Cenveo, Inc., the other Guarantors named therein and Lehman Brothers Inc.—incorporated by reference to Exhibit 10.1 to registrant’s current report on Form 8-K filed June 13, 2008.
- 4.30 Indenture dated as of February 5, 2010 among Cenveo Corporation, the Guarantors named therein and Wells Fargo Bank, National Association, as Trustee, relating to the 8 % Notes of Cenveo Corporation —incorporated by reference to Exhibit 4.1 to registrant’s current report on Form 8-K filed February 9, 2010.
- 4.31 First Supplemental Indenture, dated as of December 21, 2010, to the Indenture dated as of February 5, 2010 among Cenveo Corporation, the Guarantors named therein and Wells Fargo Bank, National Association, as Trustee, relating to the 8 % Notes of Cenveo Corporation— incorporated by reference to Exhibit 4.28 to registrant’s annual report on Form 10-K for the year ended January 1, 2011, filed March 2, 2011.
- 4.32 Second Supplemental Indenture, dated as of March 2, 2011, to the Indenture dated as of February 5, 2010 among Cenveo Corporation, the Guarantors named therein and Wells Fargo Bank, National Association, as Trustee, relating to the 8 % Notes of Cenveo Corporation—incorporated by reference to Exhibit 4.32 to

registrant's quarterly report on Form 10-Q for the quarter ended April 2, 2011, filed May 11, 2011.

- 4.33 Form of Guarantee issued by Cenveo, Inc. and the other Guarantors named therein relating to the 8 % Notes of Cenveo Corporation—incorporated by reference to Exhibit 4.2 to registrant's current report on Form 8-K filed February 9, 2010.

- 4.34 Registration Rights Agreement dated as of February 5, 2010 among Cenveo Corporation, Cenveo, Inc., the other Guarantors named therein and the initial purchasers named therein—incorporated by reference to Exhibit 4.3 to registrant’s current report on Form 8-K filed February 9, 2010.
- 4.35 Intercreditor Agreement dated as of February 5, 2010 among Cenveo Corporation, Cenveo, Inc., the other Guarantors named therein and the initial purchasers named therein—incorporated by reference to Exhibit 4.4 to registrant’s current report on Form 8-K filed February 9, 2010.
- 4.36 Second Lien Pledge and Security Agreement dated as of February 5, 2010 among Cenveo Corporation, Cenveo, Inc., the other grantors named therein and Wells Fargo Bank, National Association, as collateral agent—incorporated by reference to Exhibit 4.28 to registrant’s annual report on Form 10-K for the year ended January 2, 2010, filed March 3, 2010.
- 4.37 Second Lien Intellectual Property Security Agreement dated as of February 5, 2010 among Cenveo Corporation, Cenveo, Inc., the other grantors named therein and Wells Fargo Bank, National Association, as collateral agent—incorporated by reference to Exhibit 4.29 to registrant’s annual report on Form 10-K for the year ended January 2, 2010, filed March 3, 2010.
- 10.1 Amended and Restated Credit Agreement dated as of December 21, 2010 among Cenveo Corporation, Cenveo, Inc., Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the Lenders party thereto—incorporated by reference to Exhibit 10.1 to registrant’s current report on Form 8-K filed December 23, 2010.
- 31.1\* Certification by Robert G. Burton, Sr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2\* Certification by Mark S. Hiltwein, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\* Certification of the Chief Executive Officer and of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished as an exhibit to this report on Form 10-Q.

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\*Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 10, 2011.

CENVEO, INC.

By:

/s/ Robert G. Burton, Sr.  
Robert G. Burton, Sr.  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

By:

/s/ Mark S. Hiltwein  
Mark S. Hiltwein  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)